BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED POWER AGREEMENT, ENERGY STORAGE AGREEMENTS, AND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR SYSTEM RESOURCES IN 2028,	)	**Case No. 24-00271-UT**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant	)	

DIRECT TESTIMONY

OF

ROGER W. NAGEL

November 22, 2024

NMPRC CASE NO. 24-_____-UT
INDEX TO THE DIRECT TESTIMONY OF ROGER W. NAGEL

WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

I. INTRODUCTION AND PURPOSE

Q. Please state your name, position, and business address.

A. My name is Roger W. Nagel. I am a Principal for Aion Energy LLC ("Aion"). My business address is 10524 Moss Park Rd. Ste 204-246, Orlando, Florida 32832.

Q. On whose behalf is your testimony being submitted?

A. My testimony is submitted in this proceeding before the New Mexico Public Regulation Commission ("NMPRC" or "Commission") on behalf of Public Service Company of New Mexico ("PNM" or "Company").

Q. Please summarize your educational background and professional qualifications.

A. I have over 32 years of experience in the national and international power generation industry serving as an engineer and consultant in the roles of a design engineer; engineering, procurement, and construction ("EPC") contractor; an original equipment manufacturer; Owner's engineer; and industry consultant. My experience spans renewable, energy storage, coal, petroleum coke, waste coal, natural gas, liquified natural gas, landfill gas, biogas, biomass, and geothermal technologies as well as other alternative energy technologies. I have supported the development and implementation of projects for investor-owned utilities and independent power producers as well as commercial, industrial, municipal, and university clients. As a co-owner, I helped establish Aion in 2019 to provide

consulting services to the energy industry. I graduated with distinction from Purdue University in May 1992, with a bachelor's degree in mechanical engineering. I am a Registered Professional Engineer in the State of Michigan. My experience and education are more fully described in PNM Exhibit RWN-1.

Q. Have you previously testified before the commission?

A. Yes, PNM Exhibit RWN-1 lists the cases in which I have testified before the Commission.

Q. What is the purpose of your direct testimony?

A. My testimony:

1. Describes Aion's relevant capabilities and experience
2. Describes Aion's role and involvement in PNM's 2026 - 2028 generation all resource request for proposals ("RFP") process ("2026-2028 RFP")
3. Describes the goals of the RFP process
4. Provides an overview of the RFP process
5. Provides an overview of the new generation resource selection process
6. States my opinion as to the fairness and effectiveness of the RFP process
7. Sponsors the reports and findings offered by the Independent Evaluator

II. AION'S RELEVANT EXPERIENCE AND ROLE

Q. What was Aion's primary responsibility in the RFP process?

A. Aion was responsible for establishing the RFP process bid evaluation methodology through Phase II of the evaluation and, in conjunction with the bid evaluation team, determining a shortlist of bids after completion of the Phase II bid evaluation process. These shortlisted bids were then considered by the PNM resource planning team for a more thorough assessment via detailed system portfolio modeling to determine the portfolio of resources that most effectively achieved PNM's objectives of being the most economical, feasible, and reliable plan. The shortlist resulting from the RFP contained 24 bids to proceed into the Phase III evaluation. PNM Table RWN-1 provides a summary of the projects shortlisted as a result of the Phase II evaluation.

PNM Table RWN-1

Technology			Contracting Structure				Storage Capacity
	PPA	**ESA**	**EPC**	**Utility Self-Build**	**Quantity**	**MW**	**MWh**
Wind	1	-	-	-	1	180	-
ESS	-	9	-	-	9	-	4,520
Solar + ESS	9	-	-	1	10	1,350	4,952
Gas - Aero	-	-	2	-	2	274	-
Gas – Frame	2	-	-	-	2	318	-
Total	**12**	**9**	**2**	**1**	**24**	**2,122**	**9,472**

Of the above projects, two hybrid solar + storage projects from two bidders were located within the Navajo Nation totaling 300 MW of solar generation and 1,800 MWh of energy storage capacity with one 1,600 MWh stand-alone energy storage project also included. The shortlist also included six projects from four bidders located in or partially within the Central Consolidated School District including one

1,600 MWh stand-alone energy storage project, one 234.5 MW aeroderivative gas turbine project, and four hybrid solar + storage projects totaling 570 MW of solar generation and 2,320 MWh of energy storage capacity.

Q. Has Aion's staff performed similar RFP services and responsibilities for other utilities in the past?

A. Yes. Aion's staff is, and has been, very active with RFP support and integrated resource planning for regulated utilities. PNM Exhibit RWN-2 provides a summary of Aion's representative recent experience.

Q. Please describe the scope of services that Aion performed in support of the RFP for the resources presented in this case.

A. Aion served as an external industry resource to PNM providing independent industry insights to inform the RFP process and RFP process decisions. Aion was active from the initiation of RFP development through selection of the Phase II shortlist and supported ongoing assessment through the Phase III evaluation and final selection. PNM Exhibit RWN-3 is a summary of the Aion scope of services outlining specific tasks and deliverables through the completion of the bid evaluation process for both the 2026 and the 2028 resource selections. In summary, Aion was responsible for:

- Support for RFP development including instructions to bidders, proposal forms, and bid evaluation methodology to facilitate a fair and equivalent bid evaluation process;
- Support for a pre-bid conference;
- Participation in the review and development of the commercial RFP documentation;
- Incorporation of the EPC Team's documentation and information into the RFP;
- Development and maintenance of an RFP process schedule;
- Participation in the bid screening, bid clarifications, financial analysis, and technical analysis of bids;
- Preparation of proposal characteristics to be utilized for system portfolio modeling and analysis;
- Independent evaluation and ranking of bids received from the RFP process with subsequent compilation of evaluation inputs from the bid evaluation team;
- Participation in bid evaluation meetings;
- Preparation of NMPRC testimony; and
- Leading the "best-in-class" evaluation of proposed technology alternatives.

III. RFP PROCESS AND OBJECTIVES

Q. Please describe the Request for Proposal ("RFP") that was issued for the potential 2028 resources.

A. On November 3, 2022, PNM issued an "all resources" RFP for firm capacity resources to serve its New Mexico system. The exact quantity of resources selected and the timing of implementation of the resources was to be dependent upon resource characteristics and resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026; May 1, 2027; or May 1, 2028.

Q. Please provide a brief overview of the structure of the 2026-2028 RFP.

A. The 2026-2028 RFP was bifurcated into two discrete evaluation processes with the first of these focused upon resources offered to achieve a May 1, 2026, Guaranteed Start Date, and the second being focused on resources offered to achieve either a May 1, 2027, or May 1, 2028, Guaranteed Start Date. Bidders could offer resources for a single or multiple proposed Guaranteed Start Dates. As PNM cancelled the evaluation of 2027 resources in February 2024, this testimony and the application are prepared solely for the May 1, 2028, Guaranteed Start Date resources.

Q. Please explain any aspects of this RFP that differed from previous PNM generation resource RFPs.

A. While the basic structure and intent of the RFP remained an all-source RFP with an objective to obtain resources to serve PNM's load center, this RFP made a clear differentiation regarding the requested resource in-service dates. This RFP clearly requested that all resources proposed in response to this RFP must provide sufficient documentation and proof that the resource can deliver new, incremental capacity to PNM by the Guaranteed Start Date offered in the Proposal. This requirement not only requested the proof and documentation, but clarified that, rather than the Expected Commercial Operation Date being satisfied on the date requested, the Guaranteed Start Date must be satisfied.

Furthermore, as a result of the challenges experienced regarding schedule delays and failure to achieve committed in-service dates with resources selected and contracted via prior RFPs, this RFP outlined very specific proposal prerequisites and minimum completion milestones for consideration as a 2028 generation resource. These requirements included, but were not limited to:

- Justification or documentation from the Transmission Provider validating that all required work to incorporate resources, such as required outages, can be completed in time to support the identified Guaranteed Start Date;
- Confirmation that the project schedule could be satisfied with regulatory approval occurring as late as September 30, 2025. This date was September

30, 2024, in the original RFP but in a request for bid refreshes in February 2024, after cancellation of the 2027 resource evaluation, this date was adjusted to September 30, 2025;

- Proof of ownership of the required land via, at a minimum, a land lease or purchase option; and
- If applicable, provide documentation regarding the current status and ability to complete all National Environmental Policy Act ("NEPA") permitting, approvals from the applicable federal agency, or approvals from the applicable tribal authority.

Proposals that did not satisfy these requirements were not further considered in the RFP bid evaluation process.

Additional information was also requested of the bidders regarding any prior contractual defaults, prior delays in contract execution, and prior cost increases experienced on implemented projects. While informative, and with the exception of one bidder who had recently defaulted on a PNM contract, this information ultimately did not serve as a differentiating factor in bidder selection due to the sporadic information provided and the lack of information provided in some cases due to bidder claims of project confidentiality.

Q. Please explain the structure of the RFP Administration and EPC Support Teams and the parties involved in the RFP process.

A. The RFP was managed and coordinated in a manner to maintain separation between the team responsible for administration and overall management of the RFP process ("RFP Administration Team") and the team responsible for technical communications and coordination with respondents submitting EPC Proposals, including those PNM personnel involved in the development of any utility self-build proposals ("EPC Support Team"). The EPC Support Team was responsible for providing all existing site technical information, resolving EPC and utility self-build technical bid clarifications, technical review of EPC and utility self-build bids, and support of the EPC and utility self-build bid evaluation process. The EPC Support Team was not involved in and did not have access to the non-EPC or non-utility self-build bids received in response to the RFP process. Similarly, the RFP Administration Team was not involved in the definition or establishment of EPC or utility self-build technical bid requirements or associated existing site conditions. The responsibility for overall evaluation of the bids submitted remained with the RFP Administration Team including bid clarifications, Phase I through Phase III bid evaluation activities including modeling, short-list selection, and final resource selection. All such activities utilized the technical and pricing inputs and feedback from the EPC Support Team for the EPC and utility self-build bids submitted.

Q. Why was the separation between the RFP Administration Team and the EPC Support Team established?

A. Separation between the two teams was established to avoid the ability to potentially influence the evaluation results in favor of EPC or utility self-build alternatives. The EPC Support Team independently defined the sites and technical requirements for EPC and utility self-build proposals and independently assessed these proposals without having access to or knowledge of the remaining third-party proposals. The RFP Administration Team then relied upon the EPC Support Team's evaluation results and incorporated these results into the overall bid evaluation process and comparison to the third-party proposals.

Q. Please provide more detail regarding the responsibilities of the EPC Support Team in the RFP process.

A. The EPC Support Team was led by a representative from PNM's Generation Engineering team with consulting support from HDR Engineering. The responsibilities of this team included the following:

- Preparation of technical specifications for the RFP including characterization of the existing sites available for EPC and utility self-build bids;
- Development of technical EPC and utility self-build bid data sheets for the RFP;
- Responses to technical bid RFIs for the EPC and utility self-build bidders;

- Support of pre-bid meeting and webhosting of EPC and utility self-build project site reviews;
- Review of the EPC and utility self-build bid evaluation methodology and participation in the EPC and utility self-build bid evaluation;
- Technical support for developing inputs for initial portfolio/system modeling for EPC and utility self-build projects;
- Verification of EPC and utility self-build pricing and scope requirements per the RFP technical specifications; and
- Technical support during contract negotiations.

Q. Please describe the objectives of the RFP process and the structure used.

A. The primary objectives of the RFP process for 2028 resources were to competitively bid and select necessary resources to add up to 500 MW of accredited capacity to PNM's system to satisfy a loss of load expectation requirement consistent with PNM's 2023 Integrated Resource Plan ("IRP") while also implementing a balanced and impartial bid and bid evaluation process. The final quantity of selected bids would be subject to resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. The RFP was structured with no resource type or project ownership structure specifically requested, preferred, or excluded. Furthermore, specific EPC project types or structures were not specifically identified or requested other than identifying available EPC sites and indicative

capacities and technologies that could be applied to those sites. The RFP process was structured as an "All-Resource" RFP allowing bids utilizing any generation, storage, or demand-side technology, or combination of technologies and allowing bids under various ownership structures including power purchase agreements ("PPA"), energy storage agreements ("ESA"), build-transfer ("BT") arrangements, asset purchase agreements ("APA"), and EPC contracts including utility self-build alternatives. Under this all-source bid structure, objectives were to secure resources that support PNM's goal to transition to a zero-carbon energy future by 2040 while fulfilling PNM's obligation to serve its customers with reliable, low-cost energy, in an environmentally responsible manner. All generation was to be deliverable to PNM load with a guaranteed in-service date prior to May 1, 2028. The RFP Instructions to Bidders document is included in PNM Exhibit RWN-4 for reference.

Q. Please explain Aion Energy's role in this procurement process.

A. Aion participated in the RFP process as an independent resource to PNM for administration and coordination of the RFP while providing industry experience, market-based knowledge, and insights to the PNM team. Aion provided an independent shortlist bid evaluation analysis and results in support of PNM's overall evaluation and final selection of the competitive bids. Aion independently evaluated the bids and prepared summaries of the shortlist bid evaluation results and bid rankings for review by the RFP Administration Team. The initial evaluation results were reviewed with PNM's subject matter experts in an effort to ensure that

applicable local and regional expertise and knowledge regarding project risks and challenges were incorporated into the evaluation.

Q. Please identify the members of the RFP Bid Evaluation Team.

A. The RFP bid evaluation team consisted of representatives of Aion as an RFP administration consultant, Astrapé Consulting LLC ("Astrapé") as electric system modeling consultants, the EPC Support Team and the following groups from within PNM: Generation, Wholesale Power Marketing, Environmental Services, Corporate Risk Management, Insurance, Tax, Integrated Resource Planning, Treasury, Law Department, Accounting, NERC Compliance, Audit Services, Regulatory and Case Management, FERC Compliance, Financial Planning & Risk Management, Generation Services, Sourcing, Utility Margin, and Transmission Planning. An Independent Evaluator was also engaged to monitor the RFP process and to conduct an independent review of the proposals received.

Q. Please explain your company's role in designing and issuing the RFP for the generation resources.

A. Aion drafted a significant portion of the RFP documentation including the instructions to bidders and proposal forms. For consistency throughout the RFP documentation, Aion also reviewed the initial commercial term sheets and form agreements that were prepared by PNM as well as the technical specifications and EPC and utility self-build bid forms that were prepared by the EPC Support Team.

All of the RFP documents were prepared and provided to the PNM team for review and comment prior to issuance. PNM issued the documentation via the Jaggaer sourcing platform. Aion also prepared the bid evaluation methodology to be utilized for evaluation of the proposals received. Our role was to establish a fair and unbiased RFP process and documentation that was consistent with other utility industry RFP processes.

Q. Please explain the role of the Independent Evaluator and its activities performed throughout the RFP process.

A. Bates White Economic Consulting ("Bates White") was engaged by PNM to serve as an Independent Evaluator throughout the RFP process. Bates White's responsibilities involved monitoring the RFP process, reviewing the RFP communications and documentation, reviewing the bid evaluation methodology, reviewing the RFP prior to issuance, reviewing the results of each phase of the bid evaluation process, and conducting an independent review of the Proposals received. The Independent Evaluator's role was to review and report on the reasonableness, competitiveness, and fairness of the RFP process to identify PNM's best options to meet its service needs in compliance with applicable law.

Q. How did Bates White actively participate in the RFP process?

A. Bates White was actively engaged in the RFP process via the following activities:

- Providing review and commentary on the draft RFP documents prior to issuance;
- Providing review and commentary on the draft RFP bid evaluation methodology;
- Reviewing bidder proposals, communications, clarification questions, and interactions within the Jaggaer sourcing platform;
- Reviewing, providing commentary, and requesting clarifications regarding the RFP Administration Team's Phase I, Phase II, and Phase III bid evaluation reports;
- Reviewing the bid evaluation documentation, process, and results;
- Participating in RFP process status and update conference calls; and
- Providing general consultation and insights regarding the suitability of the RFP process and decisions made throughout the process.

Q. Did the RFP process require a bid validity date through which time the proposals were to be valid and how was this date selected.

A. The RFP did originally require that proposals and pricing must remain valid and binding through September 30, 2024. However, due to the cancellation of the evaluation of resources for May 1, 2027, in February 2024 and a focus on resources for May 1, 2028, with an associated request for the refresh of bids, this date was delayed to September 30, 2025. This date was based upon an expected regulatory approval within the third quarter of 2025. The September 30 binding bid date was

selected because, at the time of the bid refresh, it was intended to allow sufficient time for review and approval with a suitable duration for stakeholder intervention. PNM witness Barnard further outlines the required approval dates subsequently negotiated for the selected proposals.

Q. Please explain the proposals received in response to the RFP process.

A. In response to the request for proposals for a May 1, 2028 Guaranteed Start Date, PNM originally received 76 bids in response to the 2026-2028 RFP including wind, solar, energy storage, demand-side management, and natural gas fueled technologies. After performing the Phase I bid evaluation screening which was completed on the combination of proposals offered for both a 2027 and 2028 Guaranteed Start Date and after obtaining the results of the bid refresh performed in February 2024, the proposals considered during Phase II of the RFP bid evaluation for a May 1, 2028 Guaranteed Start Date consisted of 74 bids from 25 bidders and 37 projects. As previously discussed in this testimony, the bid refresh performed in February 2024 was requested due to the cancellation of the 2027 resource evaluation. This refresh allowed bidders to transfer their 2027 proposals to a 2028 Guaranteed Start Date and to update their pricing, if desired. PNM Table RWN-2 summarizes the resultant bids received from the refresh process and considered in the Phase II evaluation. More detail on the bids received and screened during Phase I of the evaluation process can be found in PNM Exhibit RWN-6 and PNM Exhibit RWN-7.

PNM Table RWN-2

Technology	Contracting Structure					Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	EPC	Utility Self-Build	Other	Quantity	MW	MWh
Wind	3	-	-	-	-	3	420	-
Solar	9	-	-	-	-	9	1,720	-
ESS	-	26	-	-	-	26	-	17,780
Solar + ESS	27	-	-	1	-	28	4,623	12,287
DSR	-	-	-	-	1	1	7	-
Gas - Aero	1	-	2	-	-	3	388	-
Gas - Frame	4	-	-	-	-	4	622	-
Total	**44**	**26**	**2**	**1**	**1**	**74**	**7,780**	**30,067**

Q. As part of the RFP responses, did PNM receive any long-duration storage bids?

A. No. As can be noted in PNM Table RWN-2, there were 26 stand-alone energy storage bids received, and 28 energy storage bids received as part of hybrid solar plus storage proposals. All of these energy storage bids involved electrochemical, lithium-ion based, battery energy storage technologies with a storage duration of either two or four hours. No long duration energy storage proposals with an energy storage duration over four hours were received.

IV. RFP BID EVALUATION AND SELECTION PROCESS

Q. Please explain the RFP bid evaluation and selection process.

A. PNM Exhibit RWN-5 outlines the bid evaluation methodology utilized to evaluate the bids on a consistent and comparable basis. This document was prepared and issued prior to receipt of the RFP responses. Per 17.9.551.8(D)(10) NMAC for the PPA and ESAs and as further outlined therein, the bid evaluation was conducted in three phases:

- Phase I Evaluation: initial screening of bids for compliance with the minimum requirements and proposal prerequisites of the RFP. Proposals that provided the required data and satisfied the minimum proposal and schedule requirements were passed to Phase II of the evaluation.
- Phase II Evaluation: detailed evaluation of screened bids to shortlisting of bids to the best-in-class within the technologies proposed. Phase II of the evaluation focused primarily on price and deliverability, including consideration of pricing factors associated with each proposal, the overall viability of the proposal with respect to its ability to achieve commercial operation by the required Guaranteed Start Date, and overall compliance with the objectives of NMSA 1978, Section 62-13-16, the Renewable Energy Act, and the Integrated Resource Plan ("IRP") Rule at 17.7.3 NMAC. Both price and non-price criteria for each proposal were summarized and evaluated. Proposals were ranked on a total evaluated delivered cost of energy and total evaluated delivered cost of capacity basis with non-price evaluation factors considered in establishing a "short-list" of proposals. Short-listed proposals underwent further assessment in the Phase

III evaluation. Shortlisting considers locational preferences for projects on Navajo Nation land and projects in the CCSD.

- Phase III Evaluation: further detailed evaluation of shortlisted bids including analysis of combinations of bids to support a preferred alternative or combination of alternatives. The Phase III evaluation involved portfolio system modeling, more in-depth assessment of the pricing factors noted above, additional due diligence assessment of the ability to achieve the project schedule, as well as additional comparison and ranking of non-price factors. All factors were ranked in a Proposal ranking matrix to assist in the final selection of Proposals. The utility self-build proposal for the Sunbelt Project was evaluated as part of this same process.

Q. Please generally describe the professional services that PNM used to identify and evaluate the resources being proposed in this application.

A. PNM used a very robust and competitive resource solicitation and evaluation process to identify, evaluate, and select suitable resources. PNM enlisted the services of qualified experts to assist and conduct portions of the RFP solicitation and evaluation processes. PNM engaged Aion to assist in the development of the all-resource RFP and to screen and qualify the bid responses. As part of their modeling evaluation, PNM Resource Planning utilized EnCompass power supply optimization software to perform its economic analysis and hired Astrapé to perform loss of load probability ("LOLP") modeling for proposed resource portfolios in their

SERVM model as discussed further by PNM witness Duane. PNM also engaged the services of the independent evaluator, Bates White, to review and report on the reasonableness, competitiveness, and fairness of the RFP process to identify PNM's best options to meet its service needs in compliance with applicable law. Bates White provided an independent report on each phase of the RFP process.

Q. Please explain and summarize the results of the Phase I Evaluation Process for both 2027 and 2028 resources in more detail.

A. The Phase I bid screening process is further summarized in PNM Exhibit RWN-6. This Phase I process was performed on the combination of 173 project proposals received for both a May 1, 2027 and a May 1, 2028 Guaranteed Start Date and was structured to screen RFP responses for fatal flaws, compliance with the proposal prerequisites, and for factors that did not comply with the intent of the RFP. A single round of bid clarifications was issued during the Phase I evaluation. As a result of the initial Phase I evaluation, sixty-two (62) bids were excluded from ongoing consideration for the following reasons:

- Build-Transfer or EPC proposals for which the bidder did not have the required contractor's licensing upon submittal of the bid (Quantity 1)
- Bidder submitted incomplete proposal as it was indicated that they could not provide a high level of detail or contract-level inputs and commitments at this time (Quantity 1)

- Bidder advised that the resource was being contracted with a different offtaker and was no longer available under the RFP (Quantity 1)
- Asset purchase agreement proposal offered for a development project rather than a fully functional resource (Quantity 1)
- Bid submitted for equipment supply only and not a fully functional resource (Quantity 14)
- Bid submitted involved a Guaranteed Start Date after the latest RFP requested date of May 1, 2028 (Quantity 6)
- Insufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date (Quantity 38)

Q. Was there a subsequent adjustment to the list of projects screened during the Phase I Evaluation?

A. Yes. In February 2024, it was determined that the RFP process would no longer evaluate resources for a May 1, 2027 Guaranteed Start Date. A notification to all Bidders that had passed the Phase I evaluation was issued on February 6, 2024, inviting Bidders that had offered a 2027 resource to extend and resubmit their proposal for consideration for a May 1, 2028 Guaranteed Start Date. Bidders who had offered an original proposal for a May 1, 2028 Guaranteed Start Date were also invited to provide a bid refresh. As a result of the above update and refresh process, the Proposals under consideration for the Phase II evaluation for 2028 resources

were as included in PNM Table RWN-2 above. This represents the removal of 40 proposals from the combined list of 2027 and 2028 resources that passed the Phase I screening analysis and the addition of 3 proposals that were originally screened out in the Phase I evaluation as a 2027 resource for schedule considerations but that were subsequently offered for a 2028 Guaranteed Start Date. The reasons for removal of the 40 proposals are as follows:

- Duplicate offers available for both a 2027 and 2028 Guaranteed Start Date with the 2027 offers removed from consideration (Quantity 28)
- Proposals selected for implementation under a prior RFP and no longer available (Quantity 3)
- Proposals withdrawn by the bidder (Quantity 2)
- Proposals that removed an optional pricing structure during the bid refresh that was included in the original proposal (Quantity 3)
- Proposals withdrawn as the bidder indicated that they could no longer satisfy the May 1, 2028 Guaranteed Start Date requirement (Quantity 2)
- Proposals that were not refreshed and that were withdrawn by the bidder in favor of other offers available from the bidder (Quantity 2)

All remaining bids were carried into the Phase II evaluation process for further clarification of the bid offerings, to make the evaluation as thorough and complete as possible and to more fully understand the potential value of each project to PNM and PNM's customers.

Q. Please identify what metrics or evaluation factors were reviewed during the Bid Evaluation Process.

A. As part of the Phase I and Phase II evaluations, the evaluation team initiated a side-by-side comparative analysis of the bids, via the bid comparison template discussed in PNM Exhibit RWN-5, that assessed several factors including, but not limited to, the following bidder and bid characteristics:

- Performance
- Development Status
- Environmental and Permitting Status
- Land Acquisition Status
- Credit Provider
- Safety Metrics
- Construction Contractor License Applicability
- Utilization of Apprentices and Local, New Mexico Staff
- Bid Quality / Completeness
- Point of Delivery / Deliverability of Energy
- Transmission Losses/Fees
- Achievable In-Service Dates
- Compliance with Commercial Terms
- Total Delivered Cost

Q. Were there any locational preferences considered in the shortlisting or selection of resources?

A. The RFP did indicate that new resources located on Navajo Nation lands were of specific interest to PNM and indicated that a separate shortlist would be established for these projects.

Additionally, via Addendum 002 to the RFP Instructions, the RFP also indicated that new resources located within the CCSD within San Juan County were of specific interest to PNM, and also indicated that a separate shortlist would be established for these projects.

At the end of the Phase II bid evaluation process, six proposals were retained on a CCSD-specific shortlist and three proposals were retained on a Navajo Nation-specific shortlist.

Q. Please describe the objectives and methodology used in the Phase II Evaluation Process.

A. The Phase II bid evaluation process was structured to establish a shortlist of bids based upon the previously noted evaluation factors. The Phase II evaluation was focused on selecting the best-in-class bids for each generation technology to allow more in-depth analysis and system modeling of these projects during the Phase III

evaluation process. The Phase II process involved, but was not limited to, the following activities:

- Bid clarifications
- Assessment of electrical interconnection and transmission system network upgrade costs
- Assessment of operations and maintenance costs
- Assessment of technical compliance with the technical specifications provided by the EPC Support Team
- Incorporation of bid evaluation input from the EPC Support Team
- Determination of delivered fuel costs
- Fuel flexibility assessment
- Development of Owner's costs
- Computation of revenue requirements for capital cost recovery
- Accounting for transmission wheeling fees and losses
- Development of total delivered cost of electricity and total delivered cost of capacity
- Evaluation of redlines to terms and conditions
- Evaluation of bidder experience

Additional detail regarding these bid evaluation activities is discussed below and can be found in the Phase II Bid Evaluation Summary Report included in PNM Exhibit RWN-7.

Q. What is meant by a "Best-In-Class" bid?

A. As previously noted, the purpose of the Phase II evaluation was to develop a shortlist of best-in-class bids for each generation technology. For this purpose, "best-in-class" is defined as bids providing both the lowest total evaluated delivered cost of energy or lowest evaluated delivered cost of capacity and presenting the lowest risk to the timely and successful execution of the project. Project characteristics and risks associated with technology, permitting, land acquisition, construction and ongoing staffing, as well as transmission interconnection and network upgrades were considered for this best-in-class characterization. As previously indicated, the shortlist included 24 best-in-class bids representing wind, energy storage, combustion turbine, and combined solar/battery technologies. Technologies that were offered into the RFP but not shortlisted include (i) stand-alone solar without a capacity firming component due to the technology's low effective load carrying capability and the desire to not further exacerbate the solar production bell curve (duck curve) within PNM's system, and (ii) demand-side resources as the single demand-side resource available as a 2028 resource was withdrawn from the RFP process by the bidder. The shortlisted bids were then provided to PNM's resource planning team for consideration in the Phase III detailed system modeling.

Q. Please explain the bid clarification process implemented during the evaluation of bids.

A. To get a thorough understanding of the characteristics of the bids offered and to promote a comparable bid evaluation process, the bid evaluation team implemented a thorough bid clarification process during all phases of the bid evaluation process. Bidder-specific proposal clarifications were requested from individual bidders focusing on numerous topics, including, but not limited to electrical interconnection and network upgrades, application of federal tax credits and tariffs, technology characteristics, pricing structure details, project schedule challenges, performance expectations, and status of environmental permitting and land acquisition.

Q. Please describe the methodology for assessment of electrical interconnection and transmission system modifications for the bids offered.

A. Bidders were asked to include costs in their proposals for electrical transmission interconnection, system network upgrades required to support the export of generated electricity from each site, transmission system losses, and any required wheeling fees. This information was reviewed for completeness.

Where information was lacking, PNM solicited follow-up information and supporting data through the Jaggaer question and answer process to gain additional information from the bidders to validate supplied transmission cost information.

In addition, to provide an assessment of electrical interconnection and infrastructure upgrade viability and costs, the PNM Transmission Planning team reviewed the characteristics of each bid and provided information regarding the estimated scope, timeline, and cost for necessary electrical interconnection and transmission system upgrades to support the export of electricity from each project. Any costs not accounted for in the bidders' proposals were treated as a PNM capital cost and were incorporated into the estimates of the total delivered costs considered in the bid evaluation. The status of each bidder's electrical interconnection application and expected schedule for implementation of necessary upgrades was considered in the viability of each project.

In support of the desired May 1, 2028 Guaranteed Start Date, it is noted that two of the projects selected by the RFP Administration Team under this RFP have interconnection agreements in place with the remaining two having entered the interconnection queue in 2021 and expecting to have the interconnection infrastructure in place well in advance of the planned Guaranteed Start Date.

Q. Please describe the methodology for establishing operations and maintenance cost estimates for the bids.

A. Operations and maintenance costs for each of the PPA and ESA bids were included in the proposed PPA and ESA pricing. Operations and maintenance costs for EPC

and utility self-build bids carried into the Phase II evaluation were estimated by the EPC Support Team.

Q. Please explain how the delivered cost of fuel for the natural gas fueled bids was determined.

A. Commodity costs for natural gas were as provided by PNM's resource planning team to be consistent with the IRP development and the system modeling activities. Costs for gas transmission were provided by PNM's Wholesale Power Marketing team. Total natural gas costs included the commodity cost at the source with adders for fuel surcharges, transport charges, and taxes as well as costs for any required gas lateral or additional infrastructure costs to obtain gas pricing specific to individual project sites.

Q. Please describe how the Owner's costs associated with each of the bids were established.

A. Owner's costs for development, management, and oversight of the execution of the projects were estimated by the RFP Administration Team for the PPAs and ESAs. These costs for EPC and utility self-build projects were estimated by the EPC Team including costs, as applicable, for permitting, project management and operations personnel, information technology, land acquisition, Owner's engineering, startup fuel and consumables, permanent plant equipment and furnishings, an initial stock of spare parts, a credit for energy sold during the commissioning tests, legal and

regulatory costs, and general and administrative costs. The RFP Administration Team also calculated an allowance for funds used during construction for the EPC and utility self-build bids based upon the total project cost and indicated project cash flow. While the bidder is responsible for most of these activities under PPA and ESA structures, an allocation of Owner's costs to PNM was retained for oversight and management of these projects. Owner's costs for PPA and ESA projects were estimated at approximately one percent of the estimated project cost and EPC and utility self-build projects were estimated at approximately 10 to 15 percent of the EPC project cost.

Q. Please explain how costs for recovery of PNM's capital investments were determined in the bid evaluation process.

A. Capital cost recovery for EPC and utility self-build offerings as well as for scope (e.g. transmission network upgrades) not included in the PPA and ESA offers was determined utilizing PNM's financial modeling parameters from their revenue requirements models. Aion developed an annual capital recovery fixed charge rate for all capital costs, including New Mexico Gross Receipts Taxes allocated to PNM. For the hybrid utility self-build project carried into the Phase II evaluation, the capital recovery fixed charge rate accounted for a thirty (30) percent stand-alone storage Investment Tax Credit ("ITC") with an additional ten (10) percent ITC bonus credit for being located within an energy community for the energy storage component of the project, as well as Federal Production Tax Credits ("PTC") with

a ten (10) percent benefit in the value of the PTC for the solar component of the project as allowed by the Inflation Reduction Act ("IRA").

Q. Please explain how any renewable generation tax credits and tariffs are considered in the evaluation process.

A. The PTC for wind and solar energy and the ITC for solar projects allow renewable energy providers to reduce the cost of energy on their bids due to government tax subsidies. In contrast, import and other tariffs may be placed on certain materials such as solar panels and steel that can drive increased costs for the projects. Individual bidders were responsible for incorporating or considering how renewable tax credits as well as applicable tariffs would impact their proposals.

Q. Please explain how the provisions of the IRA influenced the proposals offered in response to the RFP.

A. The IRA had numerous provisions that influenced the proposals under this RFP. The provisions and resultant considerations are summarized below:

- Availability of a base 30% federal investment tax credit for stand-alone energy storage projects – this no longer requires that energy storage be tied to a hybrid solar facility, with a tax credit recapture period, to obtain the credit;
- Availability / extension of the federal production tax credit for solar generation facilities – this has resulted in several of the solar projects relying on federal production tax credits in lieu of the federal investment tax credits;

- Availability of a ten percent (10%) energy community tax credit bonus for projects located in energy communities such as a brownfield site or locations previously engaged in the extraction of coal, oil, or natural gas or generation of coal or coal-fired electric generation – pending further direction and clarification of qualification for this bonus has provided some uncertainty in quoted bid pricing; and
- Availability of a ten percent (10%) domestic content tax credit bonus for projects meeting requirements for the manufacturing of steel, iron, or other manufactured products within the United States and satisfying a domestic content certification – pending further direction and clarification of qualification for this bonus has provided some uncertainty in quoted bid pricing;

These IRA provisions have generally benefitted the pricing and contracting for the proposed projects.

The energy storage bids selected from this RFP process will rely on the thirty percent (30%) federal investment tax credit for stand-alone energy storage projects and the selected hybrid solar with energy storage bid will rely on the solar production tax credit and the storage federal investment tax credit, both with an energy community bonus as established in the IRA, thus benefitting PNM's customers through the associated cost savings.

Q. How did the RFP process consider the uncertainties associated with IRA benefits.

A. Throughout the RFP bid evaluation process, numerous clarification questions were asked of the bidders to understand each proposal's dependency on the IRA provisions. Bidders were requested to identify which IRA provisions were assumed in the proposed pricing, whether or not they would take the risk of not qualifying for the assumed bonus credits, what the price adjustment would be if they did not obtain the assumed bonus credits, or whether or not they would be willing to share the benefits of the bonus credits if not priced in but obtained at a later date. The responses to these questions were considered in the selection of the RFP finalists. All of the RFP finalists indicated that they would either take the risk of obtaining the assumed benefits, share the benefits should they qualify in the future, or the project is offered as an EPC or utility self-build project for which PNM would qualify the project.

Q. How were costs for electrical transmission fees and transmission line losses to PNM's load center considered in the evaluation?

A. If not included in the bidder's proposed pricing, electrical transmission wheeling fees were determined for projects outside of PNM's territory in accordance with Open Access Transmission Tariff ("OATT") guidelines as defined by PNM's transmission planning team. For projects beyond counties surrounding Albuquerque, including Bernalillo, Valencia, McKinley, Sandoval, Santa Fe, and

Cibola counties, an allocation for electrical losses from the facility to PNM's load center in Albuquerque was also considered.

Q. Please explain how comparable total delivered cost of electricity was determined for the comparison of technology bids.

A. Using all the above discussed cost factors, Aion calculated both a total delivered cost of energy and a total delivered cost of capacity from each project such that an equivalent comparison of bids could be presented. The total delivered cost information was presented as both a levelized cost of energy per delivered megawatt-hour and a levelized cost of capacity per delivered kW-year over the term of the proposed contract or project life. Determination of the levelized costs considered cost escalation as quoted by the PPA or ESA bidders and for EPC and utility self-build bids was considered based upon PNM's planning assumptions. This approach provided a fair comparison of like technologies to assist in the selection of best-in-class bids for each technology that were subsequently more fully evaluated in the Phase III system modeling activities.

Q. Please explain the resource capacity basis utilized to establish the levelized cost of capacity.

A. Aion's development of the levelized cost of capacity was based upon determination of accredited capacity consistent with the effective load carrying capability ("ELCC") used in PNM's resource planning for the next, new increment of

generation of the associated technology type. Consideration of increasing concentrations of resources and the potential resultant reduction of ELCC values was addressed in the Phase III system portfolio modeling activities. PNM witness Wintermantel provides further discussion regarding the determination of ELCC values.

Q. Please explain how both the levelized cost of energy and levelized cost of capacity were considered in the Phase II Shortlist Process.

A. As final selection of resources would be dependent upon the Phase III evaluation process utilizing thorough system modeling and portfolios of shortlisted resources, the Phase II shortlist development considered the top energy resource bids (solar and wind) when ranked on levelized cost of energy and the top capacity resource bids (energy storage, combustion turbine, DSM) when ranked on levelized cost of capacity. For hybrid project bids, the energy and capacity components of the projects were separated and evaluated in conjunction with other related resources.

Q. Please explain how on-balance sheet lease liability was considered within the RFP evaluation process and the bid structures.

A. Upon the recognition of the potential risk of on-balance sheet lease liability for PNM associated with energy storage project fixed capacity payment structures and the additional cost to customers associated with imputed debt, PNM requested ESA bidders to offer a volumetric, energy-based pricing structure that is based on a

$/MWh delivered and therefore, is subject to variation and does not represent a fixed payment, thus avoiding the imputed debt cost to customers. This request was issued to all hybrid PPA and stand-alone ESA bidders that remained viable in the Phase II evaluation process. In response to this request, none of the stand-alone ESA bidders were willing to commit to a viable volumetric pricing structure that avoided lease liability and therefore, were evaluated solely on a fixed capacity payment structure basis. All but one of the hybrid PPA bidders were willing to offer a volumetric pricing structure. The Phase II evaluation compared the hybrid PPA proposals considering the lifecycle levelized costs of both the fixed capacity pricing as well as the variable, volumetric pricing, shortlisted the best-in-class projects, and provided modeling inputs for both pricing structures to allow the Phase III evaluation to consider the lowest cost alternative resulting from either (i) the fixed capacity payment structure with associated imputed debt or (ii) the volumetric pricing without imputed debt. PNM witness Duane provides further discussion regarding the Phase III evaluation of the alternative pricing structures.

Q. Are the ESA contracts executed as a result of the 2028 resource selection process based upon the fixed capacity payment structure or the volumetric pricing structure?

A. Neither. The executed ESA contracts have been negotiated with a variable, availability-based pricing structure such that payment is made under the ESA based upon the quantity of hours that the energy storage system is available during each

month. The negotiated pricing structure avoids treatment of the ESA as an on-balance sheet lease liability and, therefore, avoids the need to consider the cost of imputed debt. As the annual ESA cost resulting from the negotiated pricing, assuming a 95 percent average project availability, is equivalent to that of the fixed capacity payment structure, this reflects a reduced cost to PNM as compared to the values utilized during the RFP evaluation which had also applied the cost of imputed debt. PNM witness Barnard also discusses the contractual ESA pricing structure.

Q. How was the shortlist scoring matrix utilized within the Phase II evaluation?

A. In addition to the side-by-side comparison of bids, the shortlist scoring matrix was utilized during Phase II of the bid evaluation process to determine a weighted scoring of proposal characteristics. The scoring matrix applied weighted rankings to the following evaluation categories:

- Commercial Conditions;
- Creditworthiness;
- Team Qualifications;
- Project Engineering;
- Social, Environmental & Siting; and
- Interconnection/Performance.

This scoring matrix, in conjunction with the selection of best-in-class bids and the maintenance of a shortlist specific to the Navajo Nation and CCSD resulted in the selection of the Phase II shortlist.

Q. How were bidder exceptions to the proposed project terms and conditions considered in the evaluation process?

A. Bidder exceptions and comments offered on the proposed terms and conditions were reviewed and summarized to identify major discrepancies or cost factors between bids. Many of these exceptions revolved around liquidated damages, developer security provisions, and performance guarantees. This information was ultimately summarized and considered in the Phase II shortlist scoring matrix and final selection of shortlisted bids during the Phase III evaluation.

Q. Please describe how bidder experience with the technologies proposed was considered in the bid evaluation process.

A. Bidder experience with the type of project(s) proposed was summarized and considered in the Phase II shortlist scoring matrix and final selection of shortlisted bids during the Phase III evaluation.

Q. Please describe how the requirement to utilize apprentice labor during construction of the project and in compliance with NMSA 1978, Section 62-13-16 was considered in the bid evaluation process.

A. Bidders were requested to confirm their intended compliance with NMSA 1978, Section 62-13-16 in an RFP employment plan bid form. To the extent that the response offered by a Bidder was unclear, bid clarification questions were issued to further clarify the required compliance. Compliance with this requirement was considered as a qualitative bid evaluation factor in the bid evaluation ranking matrix during the Phase II evaluation.

All of the RFP Phase III finalists indicated that they would comply with the identified apprentice labor requirements.

Q. Please describe the shortlist of bids that resulted from the Phase II evaluation process.

A. The Phase II shortlist identified in PNM Table RWN-1 included all technologies offered in response to the RFP, other than stand-alone solar applications, that passed the Phase I screening analysis and that remained as a viable and cost-effective option upon further clarification during the Phase II evaluation. These technologies included options that provided both the lowest cost of delivered energy as well as the lowest cost of delivered capacity. The shortlist maintained the most favorable bids in each available generation technology category. In most cases, there were an insufficient quantity of offers remaining in each technology category to fulfill the targeted accredited capacity, however, when sufficient resources were available, multiple projects were shortlisted from each technology

to maintain redundancy of proposals for contract negotiation and competitiveness purposes. This approach was designed to facilitate a more detailed analysis in Phase III considering portfolios of resources through the system modeling activities.

The intent of considering the above in the selection of the shortlisted bidders was to provide sufficient information to allow PNM's integrated resource planning team to perform and evaluate a wide range of generation portfolios to develop the generation resources for PNM going forward while maintaining system reliability objectives.

Q. Please explain the Phase III Bid Evaluation Process.

A. The Phase III bid evaluation process was focused upon evaluating alternative generation portfolios utilizing the selected shortlist bids and project characteristics to obtain the generation resources that satisfied the PNM system capacity, energy, and reliability objectives. On this basis, the shortlisted RFP bidders were invited to meet with the RFP Administration Team and, in the case of an EPC or utility self-build bid, also with the EPC Support Team to further discuss the details of their bids and to allow the PNM team to gather necessary data for further evaluation.

To support the Phase III evaluation, Aion prepared a summary of technology characteristics and pricing for each of the shortlisted bids for use in the PNM system

modeling efforts. Further details of this modeling process will be summarized by PNM witness Duane. A summary discussion of the Phase III evaluation is provided in PNM Exhibit RWN-8.

Q. Did the Independent Evaluator provide feedback regarding the reasonableness, competitiveness, and fairness of the RFP process?

A. Yes. Bates White provided a report on each phase of the bid evaluation process detailing their review and input. These reports are available in PNM Exhibits RWN-9 through RWN-11. As noted in the reports, Bates White found PNM's bid evaluation results to be reasonable.

Q. How was the final shortlist derived?

A. The final shortlist resulting from the RFP consisting of six bids, was derived as a result of the detailed system modeling and system optimization performed by PNM's resource planning team with the objective of delivering low-cost, reliable energy to PNM's customers. The final shortlist included the bids summarized in PNM Table RWN-3 as further detailed in PNM Exhibit RWN-8.

PNM Table RWN-3

Proposal	County	Project Structure	Capacity
Least Cost Resource Plan Bids			
Bid 33-3.1	Bernalillo	ESA	150 MW (600 MWH) BESS
Bid 78-1.1	Bernalillo	ESA	150 MW (600 MWH) BESS
Bid 68-1.4	Valencia	PPA	167 MW Frame Combustion Turbine
Locational Preference Bids			

Proposal	County	Project Structure	Capacity
CCSD **- Bid 59-1**	San Juan	Utility Self-Build	100 MW Solar / 30 MW (120 MWH) BESS
Navajo Nation **- Bid 73-5**	San Juan	PPA/ESA	100 MW Solar / 50 MW (200 MWH) BESS

It is noted that, while Bid 68-1.4 was initially proposed as an extension to an existing PPA, the executed contract is established as a new PPA that begins upon the expiration of the currently existing PPA (in 2028) and expires in 2039.

Q. What factors led to the selection of the final shortlist bids?

A. Selection of the final shortlist bids was based upon a number of factors including selection of cost effective resources via the portfolio modeling, contract conditions and pricing evaluation, and assessment of risks for some resources associated with the timing and execution of permitting, approvals, required agreements and construction of necessary infrastructure to deliver the quoted product and the ability to comply with the long-term objectives of the Energy Transition Act regarding carbon-free generation. The final shortlist was also structured to include a proposal in both the central consolidated school district and the Navajo Nation to allow final portfolio selection and decision-making to consider the consequences of these locational preferences.

Q. Are any of the final shortlist bids located within the Central Consolidated School District?

A. Yes. As noted in PNM Table RWN-3, Bid 59-1, consisting of a 100 MW solar and 30 MW battery energy storage project, is located fully within the central consolidated school district.

Q. Please explain your company's participation in the selection process and the negotiations with short-listed bidders.

A. During the bid selection process, Aion summarized and evaluated bid information in a consistent and controlled manner to facilitate PNM modeling and decision making. Aion served as an independent resource to review proposals, provide insights, and to provide support for the later phases of the evaluation. Aion's primary responsibility was to deliver the Phase II shortlist of bids with PNM subsequently performing generation system portfolio modeling to evaluate the overall system reliability and costs for varying generation portfolios. Aion did support the development of conformed bid evaluation documentation supporting PNM's final bid selection.

Aion did not participate in the contract negotiations with the short-listed bidders.

V. CONCLUSIONS

Q. Do you believe that the terms and conditions set forth in the RFP were reasonable?

A. Yes. From Aion's experience, the terms and conditions were typical of such RFPs and consistent with prior PNM agreements previously approved by the Commission with suitable modifications incorporated to address recent market volatility, schedule and implementation concerns, and federal tax benefit considerations. Upon receipt of the bids and throughout the bid clarification process, these terms and conditions were assessed by Aion relative to typical market considerations.

Q. Do you believe the procurement process and procedures specified were reasonable and competitively fair?

A. Yes. The overall RFP and procurement approach was inclusive, thorough, and consistent with similar bidding of all-source generation or storage resources. The RFP process resulted in a strong list of viable and competitive bids that offered options and competitive opportunities for well-defined and low-cost generating resource alternatives supporting PNM's transition to a zero-carbon future.

Q. Please summarize the findings of the Independent Evaluator regarding the execution of the RFP Evaluation Process.

A. As can be found in the Independent Evaluator reports included in PNM Exhibits RWN-9 through 11, the Independent Evaluator concluded that PNM conducted the evaluation "in a manner that was consistent with the RFP documents", that "PNM's shortlist is reasonable", that "the final award group was developed consistent with

the RFP documents and....was reasonable", and that the Independent Monitor ultimately "found PNM's results reasonable".

The Independent Evaluator further indicated that they "agree[d] with PNM's selection of the least cost portfolio.....as these represent the least cost resources to meet the RFP targets and achieve PNM's reliability planning criteria of 0.1 LOLE."

The Independent Evaluator also stated, with respect to the inclusion of a project within the CCSD, that "Assuming that such a project is required, PNM's selection of the Sunbelt project [Bid 59-1] was appropriate...."

Q. Does this conclude your testimony?

A. Yes, it does.

GCG#533194

Resume of Roger W. Nagel

PNM Exhibit RWN-1

Is contained in the following 2 pages.

Roger W. Nagel
Principal / Consultant

Roger brings over 32 years of international energy industry design and consulting experience with a wealth of insights applicable to development, decision making and structuring of client programs. Roger has served in roles as a design engineer, consultant, owner's engineer, EPC contractor, original equipment manufacturer, strategic consulting lead, and power engineering practice lead. His areas of expertise involve feasibility studies, technology assessments, system resiliency, resource planning, system optimization, procurements, financial analysis, technical specification, bid evaluations, and contract negotiations.

EDUCATION

Purdue University
BSME – 1992

INDUSTRY TENURE

32 Years

LICENSURE

Professional Engineer, Michigan,
License No. 6201043339

OFFICE LOCATION

Orlando, FL

Relevant Experience

Roger's career has been focused on Owner's Engineering, resource planning, and front-end development services to the power industry. Responsibilities include:

- Consulting services for integrated resource planning, request for proposal (RFP) processes, and projects involving renewable energy, energy storage, demand-side management, and thermal energy resources.
- Development of numerous technical reports focusing on energy options and siting evaluations, including technology assessments and design activities for projects in the United States, South America, China, Europe and the Middle East.
- Front-end development, market and contracting strategy analysis, project budget cost and schedule development, design review, major equipment selection, EPC bid review, contractor selection and contract negotiations, as well as technology option analyses and regulatory support.
- Project Consultant for due diligence, benchmarking and evaluation of existing power facilities, assessing efficiency, cost effectiveness, and ownership and management alternatives including financial as well as sustainable return on investment analysis.
- Extensive experience with technology assessments including thermal cycle development and optimization, lifecycle financial evaluations and technology feasibility.

Roger has supported strategic consulting to Alliant Energy, NorthWestern Energy, Colorado Springs Utilities, New York City Economic Development Corporation, and LADWP, amongst others, and has been responsible for managing and organizing execution strategies that meet project and corporate objectives. Projects include technology assessments, contracting for third party developments, proxy analyses and development support for strategic contracting and execution plans for new renewable, energy storage, cogeneration, resiliency, and fossil-fueled projects at greenfield and brownfield sites for utility, industrial, and institutional clients.

Roger W. Nagel
Principal / Consultant

New Mexico Public Regulation Commission Testimony Experience

- Case No. 19-00195-UT – IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S CONSOLIDATED APPLICATION FOR APPROVALS FOR THE ABANDONMENT, FINANCING, AND RESOURCE REPLACEMENT FOR SAN JUAN GENERATING STATION PURSUANT TO THE ENERGY TRANSITION ACT.

- Case No. 21-00083-UT – IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR DECERTIFICATION AND ABANDONMENT OF 114MW OF LEASED PALO VERDE NUCLEAR GENERATING STATION CAPACITY AND SALE AND TRANSFER OF RELATED ASSETS AND FOR APPROVAL TO PROCURE NEW RESOURCES UNDER 17.9.551 NMAC.

- Case No. 23-00138-UT – IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR APPROVAL OF ITS 2024 ELECTRIC ENERGY EFFICIENCY PROGRAM PLAN, PROFIT INCENTIVE AND REVISED RIDER NO. 16 PURSUANT TO THE NEW MEXICO PUBLIC UTILITY ACT, EFFICIENT USE OF ENERGY ACT AND ENERGY EFFICIENCY RULE.

- Case No. 23-00353-UT – IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED POWER AGREEMENTS, ENERGY STORAGE AGREEMENTS, AND CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR SYSTEM RESOURCES IN 2026.

Aion Energy RFP Support Experience

PNM Exhibit RWN-2

Is contained in the following 1 page.

Representative Aion Energy LLC RFP and Integrated Resource Plan Experience

- NorthWestern Energy – Wind Operations and Maintenance Services RFP
- NorthWestern Energy – Montana 2020 RFP for Capacity Resources
- NorthWestern Energy – South Dakota 2019 Capacity RFP
- NorthWestern Energy – Montana 2018 Capacity RFI
- NorthWestern Energy – Montana 2017 Capacity RFP
- Alliant Energy – Dane County Solar RFP
- Alliant Energy – Iowa Marshalltown Solar RFP
- Alliant Energy – Wisconsin 2018 Wind RFP
- Alliant Energy – Wisconsin Rock River Solar PPA RFP
- Alliant Energy – Wisconsin 2014 Non-Intermittent RFP
- Public Service Company of New Mexico – San Juan Generating Station Replacement Resource RFP
- Public Service Company of New Mexico – Palo Verde Generating Station Replacement Resource RFP
- Public Service Company of New Mexico – 2026 System Resource RFP

Furthermore, Aion staff has prepared and submitted new generation resource technology characteristics to be used for Integrated Resource Plan ("IRP") system modeling purposes for utility clients including, but not limited to, NV Energy, Puget Sound Energy, Portland General Electric, Consumers Energy, and Holland Board of Public Works.

Aion Energy Scope of Services

PNM Exhibit RWN-3

Is contained in the following 5 pages.

Summary of Aion Energy RFP Development/Implementation Scope of Services

RFP Development Phase

During the RFP Development Phase, Aion will work and coordinate closely with the PNM Team and the assigned EPC Team to coordinate the development and compilation of applicable RFP components. Aion will perform the following services leading to the issuance of the RFP for bid.

1) Review of the RFP Notification (Press Release) to the market
2) Drafting, development, and coordination of the RFP documentation. It is assumed that the technical specifications and technical bid data sheets required for EPC bids will be drafted and developed by the EPC Team. It is also assumed that drafting of the form terms and conditions will be performed by PNM.
3) Development of threshold criteria / prerequisites for the acceptability of proposals for the project in-service dates required in the RFP
4) Development of RFP process documentation in accordance with NMPRC guidance, as required
5) Review of PNM developed Form Agreements and Terms & Conditions for consistency with the RFP documentation and recently negotiated replacement resource contracts. Specifically, a review will be performed to incorporate necessary adjustments associated with the provisions of the Inflation Reduction Act
6) Incorporation of applicable EPC Team developed documentation
7) Assistance in compilation of RFP documents in a format most suitable for PNM's Procurement Team and for issuance to the Bidders (issuance and administration by PNM's Procurement Team)
8) Assistance in the Independent Evaluator review of the draft RFP documents
9) Development and management of the RFP implementation schedule

It is assumed that the RFP will be issued within the month of October 2022. During this phase of the project, Aion has assumed that there will be no travel or face-to-face meetings but is willing to quote and support any on-site meetings, as required.

RFP Implementation Phase

From the time the RFP is issued for bid until proposals are received, Aion will perform the following activities.

1) Participation in a pre-bid meeting for all Bidders

2) Coordination of bidder Requests for Information (RFIs) and associated responses including development of responses to commercial RFIs and review and incorporation of responses to technical RFIs based on coordination with the EPC Team and/or PNM subject matter experts, as applicable (questions to be received and responses issued by PNM's Procurement Team)
3) Participation in an EPC team virtual, on-line site walk
4) Development of a lifecycle financial model to support directional conclusions within the bid evaluation (used for initial shortlisting and as a supplement to portfolio modeling performed by others)
5) Development of a bid evaluation methodology accounting for EPC and Market Bid evaluations as well as the ETA evaluation criteria
6) Development of a scoring matrix template and scoring basis
7) Assistance in the review of the bid evaluation methodology and process with the Independent Evaluator
8) Development of RFP process documentation in accordance with NMPRC guidance
9) Management and compilation of all communications and clarifications with bidders including coordination of inputs from the EPC Team, PNM, and others
10) Development and compilation of RFP Addenda documentation, including the EPC Team inputs

During this phase of the project, Aion has assumed that there will be no travel or face-to-face meetings but is willing to quote and support any on-site meetings, as required. It is assumed that this phase of the project will be of a duration of 90 calendar days for resources to be placed into service in 2027 or 2028.

Bid Evaluation Phase

Starting with the receipt of bids, Aion will evaluate the bids in a phased manner consistent with that defined in the bid evaluation methodology. Upon receipt of bids, Aion will support the following activities:

1) Phase 1 Bid Evaluation including the following:
    a. Preparation of an initial bid screening to evaluate each proposal for completeness and consistency with the requirements specified in the RFP for the timeline requested in the RFP.
    b. Developing a comparative assessment of bid characteristics, costs, performance, guarantees, project feasibility, and an initial economic analysis to

develop a first year delivered cost for each proposal.

c. Preparation of clarification questions for each bidder with incorporation of the responses into a bid summary template.

d. Participation in conference calls and web conferences with PNM staff to review the initial findings and to discuss bid shortlisting and the path forward for the more detailed evaluation.

e. For those proposals screened out of the process, Aion will document the associated reasons for exclusion.

f. In support of the bid screening and evaluation, Aion will summarize data provided by the bidders regarding transmission interconnection and network upgrade costs as well as environmental and permitting considerations associated with each proposal for review and input from PNM's subject matter experts (SMEs).

g. Preparation and submittal of the bid summary template and a Phase 1 Bid Evaluation report to PNM as documentation of the findings of the Phase 1 effort.

h. Participation in discussions with the selected Independent Evaluator regarding the Phase 1 conclusions and responding to the Independent Evaluator's questions and comments regarding the bid evaluation process.

2) Upon conclusion of the Phase 1 bid screening assessment and definition of potentially viable proposals, Aion, in conjunction with the RFP Administration Team, will initiate a detailed bid evaluation process. The intent of the Phase 2 Bid evaluation will be to determine a shortlist of candidate bids for detailed evaluation and contract negotiation. The shortlist development will be primarily based on the evaluated cost of delivered energy, the evaluated cost of delivered capacity, and the overall viability of the projects to achieve the quoted project in-service dates. Aion's Phase 2 Bid Evaluation activities for the 2028 resources will include the following:

a. Continued development of a more detailed comparison of the screened proposals that will focus on the compliance of each bid to the RFP requirements and technical specifications, as applicable, and will summarize project pricing, performance, exceptions to commercial terms, development status, interconnection viability, and overall project structure.

b. Preparation of estimates of Owner's Costs, natural gas lateral/delivered fuel cost estimates, operations and maintenance costs, and other cost factors to support the development of normalized, conformed evaluated costs for each of

the various proposal types and structures.

c. Preparation of the levelized cost of delivered energy and levelized cost of delivered capacity for each proposal for comparison. This will be prepared for both the original pricing structures offered as well as for the variable energy pricing structure requested by PNM for the 2028 resource evaluation.

d. Participation in internal coordination and evaluation discussions with PNM staff, the Independent Evaluator, and/or the evaluation team.

e. Preparation of additional bidder clarifications incorporating questions from PNM's SMEs as well as compilation of responses from these clarifications.

f. Incorporation of evaluation input from PNM's Transmission Planning, Resource Planning, and Environmental teams in an effort to develop a shortlist of candidate projects.

g. Preparation of a Phase 2 Bid Evaluation Report to document the selected shortlist of projects and the reasons for excluding those proposals not selected for further evaluation.

h. Review of the shortlisted projects and the process used to select the shortlisted projects with the Independent Evaluator and responding to questions and concerns identified by the Independent Evaluator.

3) The Phase 3 Bid Evaluation will be focused on selection of the final project candidates, contract negotiation, and preparation of filing documents. Aion's services will include the following:

a. Preparation and submittal of inputs for the shortlisted projects for system modeling and financial modeling by PNM's staff and consultants.

b. Participation in shortlisted bidder proposal review and clarification web-conferences.

c. Final bid clarifications with the shortlisted bidders.

d. Review and commenting on system and financial modeling results prepared by PNM's staff and consultants.

e. Participation in internal coordination and evaluation discussions with PNM staff, the Independent Evaluator, and/or the evaluation team.

f. Preparation of a Phase 3 Bid Evaluation Report to document the selected shortlist of projects and the reasons for final selection.

g. Review of the finalist projects and the process used to select the finalist projects

with the Independent Evaluator and responding to questions and concerns identified by the Independent Evaluator.

4) Upon selection of the RFP finalists for the 2028 in-service date, Aion will support the following activities.
    a. Review of the Contract Summary for justification of each selected project.
    b. Preparation of written testimony for the 2028 RFP alternatives.
    c. Support of responses during the regulatory discovery process.
    d. In-person testimony.

Aion Project Management and Administration

Aion will provide general project management, quality control, and administrative support for the Aion activities outlined herein. Project management activities include proper documentation, accounting, and archiving of pertinent communications.

PNM 2026-2028 Generation Resources RFP

PNM Exhibit RWN-4

Is contained in the following 44 pages.

INSTRUCTIONS TO BIDDERS

Table of Contents

Appendices

Appendix A – PPA Form Agreements
Appendix A-1 – Solar PPA Form Agreement
Appendix A-2 – Wind PPA Form Agreement
Appendix A-3 – Natural Gas Facility PPA Term Sheet
Appendix B-1 – Stand-Alone ESA Form Agreement
Appendix B-2 – Hybrid ESA Form Agreement
Appendix C – BT Term Sheet
Appendix D - EPC Form Agreement
Appendix E – APA Term Sheet
Appendix F – Technical Specification
Appendix G – PNM Customers and DSM Program Participants
Appendix H – Proposal Submittal Checklists
Appendix I – Instrumentation and Control for Electrical Power Generation
Appendix J – Resource Capacity Accreditation

EPC Bid Forms

EPC Attachment A – Bid Profile
EPC Attachment A-1 – Disclosure of Defaults
EPC Attachment A-2 – Disclosure of Prior Performance
EPC Attachment B-1 – May 1, 2026 Schedule Verification Form
EPC Attachment B-2 – May 1, 2027 and May 1, 2028 Schedule Verification Form
EPC Attachment C – Bid Certification Form
EPC Attachment D – Proposal Form
EPC Attachment D-1 – Price Breakdown Table
EPC Attachment E-1 – Commercial Clarifications and Exceptions
EPC Attachment E-2 – Technical Clarifications and Exceptions
EPC Attachment F – Conflict of Interest Form
EPC Attachment G – Contracting/Employment Plan
EPC Attachment H – Milestone Payment Schedule
EPC Attachment I – Cancellation Schedule
EPC Attachment J – Proposal Data Forms
EPC Attachment K – Technical Submittal Checklist

Market Bid Forms

Attachment A – Bid Profile
Attachment A-1 – Disclosure of Defaults
Attachment A-2 – Disclosure of Prior Performance
Attachment B-1 – May 1, 2026 Schedule Verification Form
Attachment B-2 – May 1, 2027 and May 1, 2028 Schedule Verification Form
Attachment C – Bid Certification Form
Attachment D-1 – PPA Proposal Data Forms
Attachment D-2 – APA Proposal Data Forms
Attachment D-3 – BT Proposal Data Forms
Attachment D-4 – ESA Proposal Data Forms
Attachment E – Technical Description
Attachment F – Electrical Interconnection – Power Delivery
Attachment G – Fuel Information
Attachment H – Permitting, Land Use, Zoning
Attachment I – Project Milestones
Attachment J – Contracting/Employment Plan
Attachment K – Conflict of Interest Form
Attachment L – APA/BT Technical Submittal Checklist

DSR Bid Forms

Attachment A – Bid Profile
Attachment A-1 – Disclosure of Defaults
Attachment A-2 – Disclosure of Prior Performance
Attachment B-3 – DSR Schedule Verification Form
Attachment C – Bid Certification Form
Attachment D-5 – DSR Proposal Data Forms
Attachment J – Contracting/Employment Plan
Attachment K – Conflict of Interest Form

PART 1 – INTRODUCTION

1.1 COMPANY BACKGROUND

Public Service Company of New Mexico ("PNM") is a wholly owned subsidiary of PNM Resources, Inc. (NYSE: PNM) based in Albuquerque, N.M. PNM is an electric utility that provides generation, transmission, and distribution service. In total, PNM serves more than 525,000 New Mexico residential and business customers in greater Albuquerque, Rio Rancho, Los Lunas and Belen, Santa Fe, Las Vegas, Alamogordo, Ruidoso, Silver City, Deming, Bayard, Lordsburg and Clayton. PNM also serves the New Mexico tribal communities of the Tesuque, Cochiti, Santo Domingo, San Felipe, Santa Ana, Sandia, Isleta and Laguna Pueblos. As shown in Figure 1, PNM's electric service territory covers geographically diverse areas. Electric demand and energy usage varies based upon geography, customer mix, and climate.

PNM strives to create enduring value for customers, communities and shareholders built on a foundation of environmental, social and governance principles. PNM currently produces nearly 50 percent carbon free energy and has committed to being 100 percent carbon free by 2040, five years ahead of the state's legislated date of 2045, as provided in the Renewable Energy Act, New Mexico Statutes Annotated 1978 ("NMSA 1978"), §§ 62-16-1 to -10 ("REA"). This commitment will involve PNM's implementation of a combination of energy generation, storage, demand-side and energy efficiency resources over the next 20 years.

Figure 1. PNM's Electric Service Territory Map

1.2 PURPOSE OF RFP

PNM is progressing with the State of New Mexico's plan to create a reliable and sustainable energy future for New Mexico consistent with the Energy Transition Act legislation. PNM currently serves retail customers through supply-side resources and demand side management programs reliably, safely, and cost-effectively. Our commitment is to provide reliable power with a cleaner, more sustainable energy resource mix in a cost-effective manner for our customers. As outlined in our 2020 Integrated Resource Plan ("2020 IRP") filed on January 29, 2021, PNM is taking significant measures with plans to meet this commitment. We are issuing this request for proposals ("RFP") to solicit proposals (each a "Bid" or "Proposal") from capable providers to deliver energy and capacity resources in support of this commitment.

This RFP is part of a solicitation process for the purpose of acquiring bulk transmission level and distribution level capacity resources to serve PNM's forecasted system needs. Specifically, this RFP is requesting resources that are guaranteed by the Respondent to achieve commercial operation and delivery of new, incremental capacity to PNM's system by or before May 1, 2026, May 1, 2027, or May 1, 2028 (each a "Guaranteed Start Date"). The requested resources are required to serve forecast load growth while also acquiring reliable, cost-effective resources consistent with the direction set forth in PNM's 2020 IRP to reliably serve known, existing, and future customers. Long-term resources as well as short-term resources with a minimum duration of two (2) years tied to a physical asset will be considered in response to this RFP.

Respondents to this RFP (each a "Respondent" or "Bidder") are required to propose resource options capable of providing new capacity to PNM's system by one or more of the Guaranteed Start Dates identified above. Respondents must identify the date for which their Proposal is valid and may offer Proposals for multiple Guaranteed Start Dates, however, a separate Proposal submittal will be required in each case. As will be further discussed in subsequent sections of this RFP, **all resources proposed in response to this RFP must provide sufficient documentation and proof that the resource can deliver new, incremental capacity to PNM by the Guaranteed Start Date offered in the Proposal. Any Proposals not complying with this requirement or not defining a functional implementation schedule will be excluded from further consideration.** Schedule commitments associated with Engineer, Procure, and Construct ("EPC") Proposals must allocate sufficient time for PNM to complete any required transmission, permitting, or fuel sourcing activities as further defined herein. Furthermore, all proposed resource options must support PNM's transition to a zero-carbon energy future by the 2035 to 2040 timeframe while fulfilling PNM's obligation to serve its customers with reliable, low cost energy in an environmentally responsible manner.

1.3 RESOURCES SOUGHT THROUGH THIS RFP

PNM is soliciting Proposals for capacity and energy resources that support PNM's resource needs and that can guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028. Projects able to deliver to the earlier Guaranteed Start Dates or even earlier than May 1, 2026 are encouraged and will be evaluated by PNM through modeling for benefits to PNM customers.

PNM is targeting the acquisition of nominally 200 to 1,000 MW of new, incremental, firm accredited capacity for its New Mexico portfolio over the three-year time span. Forecast needs for each of the in-service dates requested are estimated to be up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028. However, the exact quantity of resources selected and the timing of implementation of the resources will be dependent upon resource characteristics, resource modeling, regional economic development load

growth, and PNM's most recent load and planning forecasts. Increased procurement of resources in the earlier years may reduce needs in the later years.

For Respondents' use in the selection of resources and determination of capacities to be offered, Appendix J to this RFP includes a summary of the accredited capacity, or effective load carrying capability ("ELCC"), of resource technologies as presented in Appendix M of the 2020 IRP.[1]

Respondents shall propose resources consistent with the requirements outlined in the New Mexico Public Utilities Act ("PUA") and the REA, including but not limited to those that maximize the use of New Mexico work force including minority and woman-owned New Mexico businesses, employ apprentices for the construction of the facilities, and advance a zero-carbon future. Each of these are discussed in more detail in the following sections of this document.

This RFP is structured as an all-source RFP. Any resource type or project ownership structure that guarantees the ability to contribute new, incremental capacity to PNM's system prior to one of the Guaranteed Start Dates identified above will be considered and evaluated under this RFP. For clarity, per the form Agreements included in Appendices A through E of this RFP, the new, incremental capacity will be expected to be available for delivery to PNM by an Expected Commercial Operation Date (or Substantial Completion Guaranteed Date in the case of an EPC offer) that falls prior to December 31 of the prior year. Failure to place such capacity into service by the Expected Commercial Operation Date (or Substantial Completion Guarantee Date) will result in liquidated damages for delay and failure to place such capacity into service by the Guaranteed Start Date (or the Substantial Completion Deadline Date in the case of an EPC offer) will represent a contractual default condition. For the purpose of this RFP, the term "Guaranteed Start Date" will have the same meaning as "Substantial Completion Deadline Date" for EPC Proposals.

To facilitate the requested Guaranteed Start Date timelines, Respondents are encouraged to propose resources (e.g. co-located energy storage, sales from existing facilities, or other) that can be constructed behind an existing transmission interconnection such that new interconnection facilities are not required and the existing interconnection capacity can be more fully utilized and firmed.

The following types of resources are of specific interest to PNM under this RFP:

- Stand-alone energy storage and hybrid renewable-storage projects that maximize benefits to PNM ratepayers by capitalizing upon the Inflation Reduction Act ("IRA") provisions for extension and expansion of renewable energy Investment Tax Credits and Production Tax Credits, maximization of domestically sourced materials, compliance with prevailing wage and apprenticeship requirement thresholds, project placement in an "energy community," and other provisions all as defined in the IRA;
- New generation or storage resources located on Navajo Nation lands. The RFP evaluation team will have a separate "best-in-class" bid evaluation and short-list selection for projects on Navajo Nation lands such that individual Navajo project(s) will be considered in the Phase 3 bid evaluation as part of a complete generation portfolio. Notwithstanding the above, a project's ability to be included in the

[1] As discussed in the June 8 and June 22, 2022 PNM IRP Public advisory meetings, PNM is currently performing an updated ELCC study as part of its 2023 IRP process. Materials available here: https://www.pnmforwardtogether.com/presentations. To the extent the new study is completed in time, these new values will be disseminated through the IRP public advisory process and used in the evaluation.

shortlist will be dependent upon its status of transmission interconnection and transmission deliverability;

- Wind generation projects for which the energy generation can be reliably delivered to PNM's load center with reasonable deliverability and curtailment risk;
- Resources located near PNM's load center or load-side resources that avoid transmission curtailment risks and/or the need for significant transmission upgrades;
- Proposals that have committed financing partners and a willingness to post contractual development security upon execution of the contract;
- Proposals that afford increased assurance and oversight over the development and implementation of the Project to allow PNM proper diligence to ensure a successful and timely implementation schedule for PNM's customers;
- For the May 1, 2026 Guaranteed Start Date, resources accepted into PNM's Generator Interconnection Queue in Cluster 13 or earlier. Resources not accepted by or before Cluster 13 will be subject to an assessment of the viability of the quoted Guaranteed Start Date by PNM's transmission planning team; and
- For the May 1, 2027 or May 1, 2028 Guaranteed Start Date, resources accepted into PNM's Generator Interconnection Queue in Cluster 15 or earlier. Resources not accepted by or before Cluster 15 will be subject to an assessment of the viability of the quoted Guaranteed Start Date by PNM's transmission planning team.

PNM joined the California Independent System Operator ("CAISO") Energy Imbalance Market ("EIM") in April 2021. While PNM cannot lean on potentially speculative wholesale market transactions, PNM does recognize the potential benefits of all available resource participation in this EIM market. As identified in Section 8.2.3.1, PNM will factor its ability to offer proposed projects in the EIM into the evaluation based upon the suitability of proposed generation unit performance parameters and proposed operational costs being within typical ranges that are reimbursable through market participation. Consideration and evaluation of Proposals with respect to the EIM is further discussed in Section 8.2.3.1 below.

1.4 PROPOSAL PREREQUISITES

In order for a Proposal to pass the initial screening phase of the RFP evaluation, the Proposal must satisfy the following prerequisites. Proposals not satisfying these criteria will be excluded from further consideration.

All Proposals must be quoted with a firm price and delivery and shall not be based upon assumptions of potential future tax incentives, financing approaches, tariffs, or other cost or schedule influencing factors not defined or in-place at the time of submitting the Proposal. Understanding that additional guidance continues to be forthcoming regarding the provisions of the IRA, alternative pricing may be offered to characterize the potential benefits or impacts of these influencing factors for PNM consideration.

Due to the expected ongoing evolution and clarification of the Inflation Reduction Act provisions, Proposals offered for a May 1, 2027 or May 1, 2028 Guaranteed Start Date that are dependent upon these provisions will be offered an opportunity to firm the proposed pricing prior to PNM's shortlisting of resources. All Proposals shortlisted for these Guaranteed Start Dates will be expected to provide a "best-and-final" pricing refresh prior to PNM's selection of finalist resources.

Resources proposed in response to this RFP must comply with the following requirements as applicable to the resource proposed;

- A Proposal must offer a complete and fully functional electric generation or storage resource that provides new, incremental capacity that is additional to resources currently available within PNM's resource portfolio or that is an extension to an existing and expiring PNM supply contract. Proposals for supply of equipment or services only will not be considered.
- For Proposals offering a May 1, 2026 Guaranteed Start Date: Provide a confirmation that the Respondent is willing to guarantee that the resource will be able to achieve the quoted Guaranteed Start Date assuming the receipt of both a full notice to proceed from PNM and a final, non-appealable, approval of the Project from the NMPRC by June 30, 2024. If an earlier release is required, Respondent is requested to identify the required date and desired conditions of the earlier release.
- For Proposals offering a May 1, 2027 or May 1, 2028 Guaranteed Start Date: Provide a confirmation that the Respondent is willing to guarantee that the resource will be able to achieve the quoted Guaranteed Start Date assuming the receipt of both a full notice to proceed from PNM and a final, non-appealable, approval of the Project from the NMPRC by September 30, 2024. If an earlier release is required, Respondent is requested to identify the required date and desired conditions of the earlier release.
- If a later date is possible, identify the latest date by which the Respondent must have a full notice to proceed from PNM and a final, non-appealable approval from the NMPRC to initiate project procurement, project construction, and ongoing electrical interconnection activities.
- All Proposals are required to submit Attachment A-1 or EPC Attachment A-1 – Disclosure of Defaults to identify all known defaults or defaults in process, in any material respect, in the performance, observance, or fulfillment of any obligations, covenants, or conditions contained in any agreement or instrument to which Respondent, its Parent, or any Affiliate is, or has been, a party within the past 5 years. The Disclosure of Defaults shall include identification of projects sold or otherwise transferred to another project owner prior to the full execution of default proceedings. Failure to submit this completed and signed form or otherwise disclose prior defaults may result in the Proposal not being considered or being cancelled after acceptance.
- All Proposals are required to submit Attachment A-2 or EPC Attachment A-2 – Disclosure of Prior Performance to identify the Respondent's (including its Parent and Affiliates) experience and past performance on executed and in-progress projects with respect to originally contracted schedule and pricing over the past 5 years. Such listing of prior performance shall include identification of projects sold or otherwise transferred to another project owner and the status of those projects at the time of transfer. Failure to submit this completed and signed form or otherwise disclose prior performance may result in the Proposal not being considered or being cancelled after acceptance.
- Base Proposal pricing shall assume no curtailment of the energy produced from the Project. To the extent applicable to the Proposal offered, Respondent shall include incremental pricing on a $/MWh per percent basis

for each percent of annual generation curtailed, up to ten percent (10%), should an allowance for curtailment be incorporated into an executed contract.

- To the extent applicable to the Proposal offered, provide justification or documentation from the entity owning, controlling, or operating the facilities used by the proposed project for the transmission of electric energy and providing transmission service under the OATT ("Transmission Provider") validating that all required work to incorporate resources, such as required outages, can be completed in time to support the identified Guaranteed Start Date.
- To the extent applicable to the Proposal offered, provide verified interconnection and transmission costs developed through Federal Energy Regulatory Commission ("FERC") transmission interconnection request processes or through an equivalent independent study.
- To the extent applicable to the Proposal offered, provide proof that the quoted capacity can be delivered via the electric transmission system to PNM's load (including documentation demonstrating that either (i) firm transmission service is available or (ii) a viable plan for firm transmission service to enable the delivery of energy to PNM's load is in place) with a copy of any associated agreements included in the Proposal.
- For a May 1, 2026 resource, provide proof of ownership of the required land or a negotiated contract for the leasing or purchase of the required land, for a May 1, 2027 or May 1, 2028 resource, provide proof of securing the required land via, at a minimum, a land lease or purchase option.
- For a May 1, 2026 resource, provide proof that Respondent has obtained the required rights-of-way and/or easements for all off-site infrastructure such as generation tie-lines, site access, etc., for a May 1, 2027 or May 1, 2028 resource, provide proof of progress toward securing the required land on the required timeline and provide any associated agreements in-place.
- If applicable, for a May 1, 2026 resource, provide proof that all National Environmental Policy Act ("NEPA") permitting, approval from the applicable federal agency, or approval from a tribal authority is completed and in-hand; for a May 1, 2027 or May 1, 2028 resource, provide documentation regarding the current status and ability to complete these activities per the required project schedule.
- Provide a Gantt chart schedule with a minimum of 25 activities fully representing the sequence of events and key project implementation milestones required to deliver new capacity by the Guaranteed Start Date proposed.
- The Respondent for an EPC or Build-Transfer proposal must submit proof of having a valid contractor's license in accordance with the New Mexico Construction Industries Division. Such license must be in the name of the Respondent and must be valid as of the time that the Proposal was submitted in response to this RFP.

1.5 RFP PROCESS OVERVIEW

1.5.1 Announcement and Release

The RFP was announced via press release on November 3, 2022. This Instructions to Bidders document is provided as a non-confidential document on the PNM websites identified below:

- https://bids.sciquest.com/apps/Router/PublicEvent?CustomerOrg=PNMResources
- https://www.pnm.com/rfp

Interested parties are requested to execute a non-negotiable, non-disclosure agreement ("NDA") in order to receive additional Bid Documents. As used in this RFP, "Bid Documents" include all documents comprising this RFP, including but not limited to all design documents, technical specifications, and other appended or related data, all as may be amended or supplemented from time-to-time. By logging in and clicking the "Accept" button in the NDA section of the Jaggaer RFP event, Respondent understands, acknowledges, and agrees to be bound by the NDA. Access to the Bid Documents will be granted upon acceptance of the NDA. All non-public and proprietary information communicated by PNM, including but not limited to information related to existing PNM site infrastructure and system security shall be considered as confidential information under the NDA unless it is specifically designated as non-proprietary and non-confidential.

1.5.2 RFP Sourcing Platform

In order to efficiently administer this RFP for 2026 to 2028 Resources, the RFP event is structured by different modules: "2026-2028 Generation Resources RFP-Market" for market Proposals and "2026-2028 Generation Resources RFP-EPC" for EPC Proposals. For the purpose of this RFP, "Market" Proposals are considered to be Proposals for resources offered under PPA, ESA, Asset Purchase, Build Transfer, or Demand-Side program structures. The RFP event includes a description of the request, an outline of the solicitation process, relevant dates, contact information, and Proposal submission requirements. All Proposals submitted in response to this RFP must be submitted by accessing the pertinent RFP's modules.

Respondent interface with the Jaggaer system is briefly summarized as follows:

- Respondent must access the event that it is interested in providing a response for; each event will contain its respective NDA.
    - All Respondents offering market Proposals must request access to and communicate via the "2026-2028 Generation Resources RFP-Market" event.
    - EPC Respondents must request access to and communicate via the "2026-2028 Generation Resources RFP-EPC" event.
- Once access is granted to the desired events, all Bid Documents provided by PNM can be found under "Settings and Content" in the "Buyer Attachments" folder.
- All Respondent communications and notifications must be submitted to PNM as a private message utilizing the option "Ask a Question" under "Submit Question" of the respective event's Q&A Board unless otherwise indicated by PNM's Supply Chain Sourcing Team.

- PNM will respond to all Respondent questions and notifications in accordance with Section 7.1.2.
- Respondents must submit their full Proposal by the Proposal Due Date (defined in Section 7.2) under "Settings and Content" and in the "Vendor Attachments" folder. Respondent must click on "Submit" to fully transfer the Proposal's documents and make them retrievable by PNM. **Not being in "Submitted status" on or prior to the event closure date (Proposal Due Date), will prevent PNM from communicating via the Q&A Board.** If Respondent is mistakenly in submitted status, Respondent can withdraw their status and resubmit when ready to proceed prior to the event closure date.

Respondents must comply with the above and follow the additional instructions provided herein in the preparation and submittal of their Proposals.

1.5.3 Proposal Development and Evaluation

The Proposal development cycle ("Proposal Development Cycle") is the time from when the RFP is released until the Proposal Due Date; the **Proposal Development Cycle for resources submitted for a May 1, 2026 Guaranteed Start Date is sixty-three (63) days and for resources submitted for either a May 1, 2027 or May 1, 2028 Guaranteed Start Date is ninety (90) days**.

Respondents are invited to submit Proposals for multiple Guaranteed Start Dates. A separate Proposal document with pricing specific to each quoted Guaranteed Start Date will be required to be submitted. Note that a Proposal submitted for a May 1, 2026 Guaranteed Start Date will not automatically be considered for a later Guaranteed Start Date unless a Proposal document is separately submitted for the ninety (90) day Proposal Development Cycle.

While assembling Proposals, Respondents are allowed to ask questions in accordance with the communications protocols in Section 7.1 and participate in a virtual pre-bid conference and EPC site visit.

Evaluation will begin upon receipt of Proposals and will progress in phases. The evaluation of Proposals is more fully discussed in Section 8.

1.5.4 Regulatory Compliance

This RFP is being conducted in compliance with New Mexico statutory and regulatory supply resource procurement requirements and guidelines, including compliance with the PUA and REA.

Furthermore, PNM has established a Governance for Competitive Bid Processes document to which PNM employees and consultants involved with the RFP process are signatory. This governance document establishes strict guidelines under which communications and access to information are restricted. As further discussed below in Sections 1.5.5 and 1.5.6, there is a strict division in PNM's RFP team in that the team supporting the structuring and technical evaluation of PNM-owned EPC projects will not be involved in or be aware of any market-based Proposals received in response to the RFP process.

Additional regulatory considerations are discussed throughout this RFP.

1.5.5 Role of RFP Administration Team

PNM and its RFP consultants including Aion Energy LLC for RFP administration support and other consultants for portfolio system modeling (together, the "RFP Administration Team") will be responsible for administration and overall management of the RFP process including

supporting the initial release by PNM's Supply Chain Sourcing Team, the Proposal Development Cycle and the evaluation of Proposals. The RFP Administration Team will be responsible for Proposal clarifications, Phase 1 through Phase 3 Bid evaluation activities including modeling, short-list selection, and contract negotiations for all Proposals. The RFP Administration Team will not be involved in the definition or establishment of EPC technical bid requirements or associated existing site conditions. PNM's Supply Chain Sourcing Team, via the Q&A Board in the "2026-2028 Generation Resources RFP-Market" and "2026-2028 Generation Resources RFP-EPC" RFP modules will be the main point of contact for Respondents during the RFP process and all correspondence must be directed as a private message utilizing the option "Ask a Question" under the Q&A Board in the respective RFP event unless otherwise directed.

1.5.6 Role of EPC Proposal Facilitator

Throughout the RFP process, technical communications and coordination with Respondents submitting EPC Proposals ("EPC Respondents") will be managed separately from the RFP Administration Team. PNM has assigned a representative from PNM's Generation Engineering team to coordinate with and respond to Respondents offering EPC Proposals ("EPC Proposal Facilitator"). The EPC Proposal Facilitator and their consultant, HDR Engineering, Inc. (together, the "EPC Support Team") will be responsible for providing all existing site technical information, resolving EPC technical Proposal clarifications, technical review of EPC Proposals, and support of the Bid evaluation process. The EPC Support Team will not be involved in or be aware of any market-based Proposals received in response to the RFP process. As with the RFP Administration Team, PNM's Supply Chain Sourcing Team, via the PNM Supply Chain Sourcing Team's site will be the main point of contact for EPC Respondents during the RFP process and all correspondence must be directed as a private message utilizing the option "Ask a Question" under the Q&A Board in the RFP event "2026-2028 Generation Resources RFP-EPC" unless otherwise directed.

1.5.7 Role of Project Manager

PNM has assigned a Project Manager that will remain responsible for leading the project and the Bid evaluation process. The Project Manager will be responsible for management of the communications flow with Respondents as well as the review and approval of the selected Proposals and will coordinate the implementation and administration of the RFP and awarded projects throughout the duration of the RFP process.

1.5.8 Role of PNM's Supply Chain Sourcing Team

PNM's Supply Chain Sourcing Team will be responsible to coordinate the RFP communications and required activities that involve RFP consultants, Independent Evaluator, Respondents, and stakeholders. PNM's Supply Chain Sourcing Team will also coordinate the contract negotiation sessions, contract execution, distribution of complete information to all Respondents, and ultimately proper storage of documentation in PNM's document repository system.

1.5.9 Role of PNM Staff

PNM has subject matter experts ("SMEs") in resource planning, electric transmission planning, natural gas fuel supply planning, portfolio modeling, environmental, and other functions who will be engaged throughout the process.

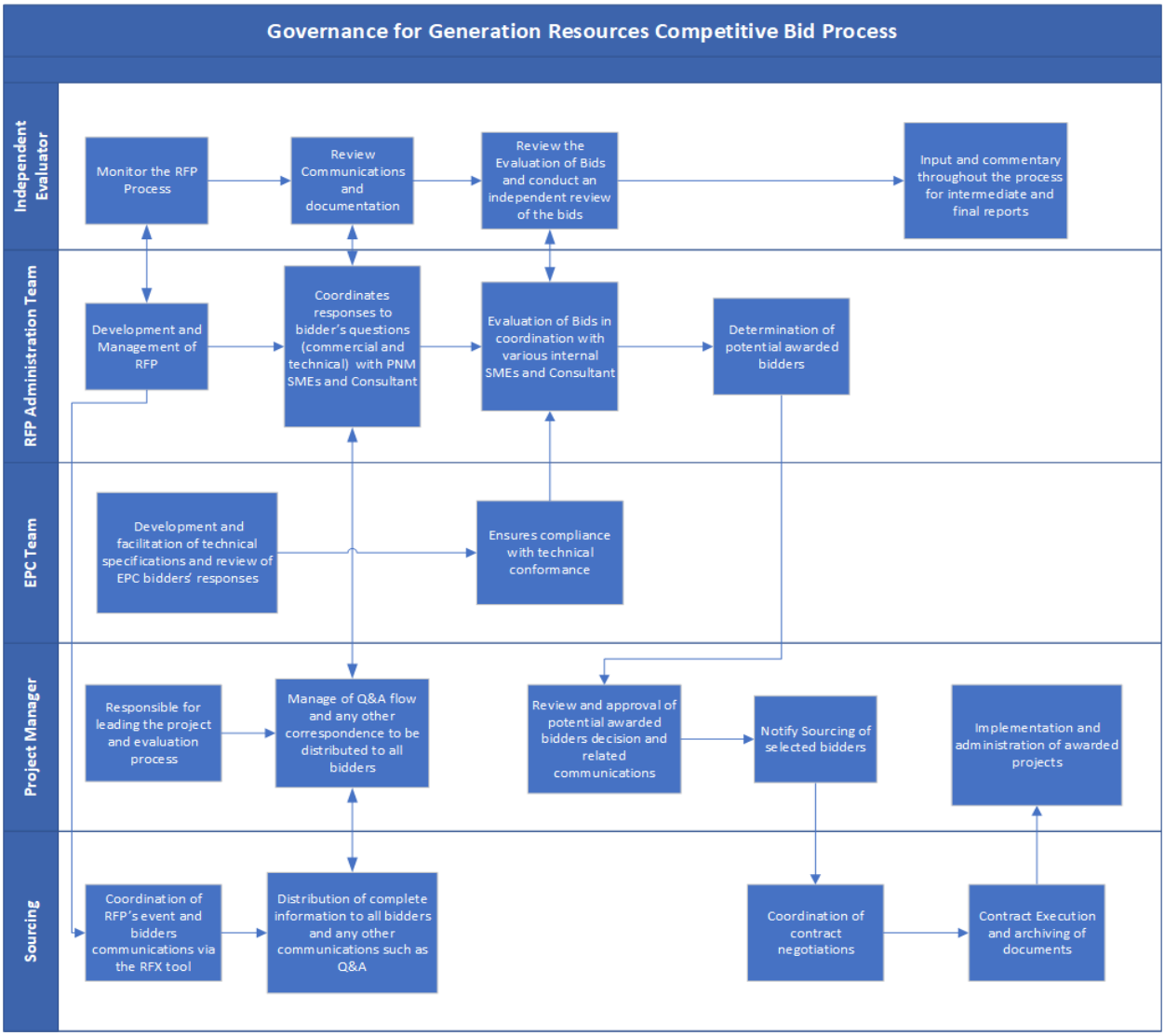
PNM SMEs will provide input to the RFP Administration Team and the EPC Support Team to support the Proposal Development Cycle and Proposal evaluation throughout the RFP Process.

1.5.10 Role of the Independent Evaluator

PNM will be engaging an independent evaluator ("Independent Evaluator") to monitor the RFP process, review RFP communications and documentation, review the evaluation methodology, and to conduct an independent review of the Proposals received. The Independent Evaluator will provide input and commentary throughout the process and will be responsible for intermediate and final reports on the reasonableness, competitiveness, and fairness of the process. The role of the Independent Evaluator is to ensure that the RFP process is designed to identify PNM's best options to meet its service needs in compliance with applicable law.

1.5.11 RFP Process Governance Overview

The following diagram provides a high-level overview of the responsibilities of the RFP team members and the associated progression of the RFP process.



PART 2 - RESOURCE NEEDS ASSESSMENT

The objective of this RFP is to solicit competitive Proposals from all forms of capacity, energy, storage, and demand-side resources for the procurement of resources that can best satisfy PNM's system needs for both short-term and long-term capacity, energy, and reliability requirements.

PNM requires that, in conjunction with the existing resource portfolio, selected resources must be capable of meeting capacity requirements and maintaining necessary system reliability requirements on a portfolio basis. In order to achieve this objective, Proposals will be evaluated in conjunction with PNM's existing and planned resources using both hourly and intra-hour software modeling tools.

Resources with the flexibility to be used in multiple applications, including but not limited to providing capacity for peak-usage times, economic dispatch in real-time markets, intra-hour balancing, and contingency reserves are anticipated to demonstrate higher values in PNM modeling. Additionally, it is anticipated that competitive resources that provide incremental capacity at the specified dates, with the ability to support PNM's long-term portfolio needs as well as resources that will help integrate and firm PNM's increasing portfolio of variable energy resources ("VERs") will also demonstrate higher values in PNM modeling.

PART 3 – COMPLIANCE WITH LAW

PNM will evaluate all resources that meet applicable local, state, and federal rules and regulations. PNM's selection of resources will specifically consider the ability of those resources to allow PNM to comply with the provisions of the PUA and the REA in a reliable and cost-effective manner. Amongst other requirements identified herein, selection of resources from this RFP will consider the following, as outlined below.

3.1 RENEWABLE PORTFOLIO STANDARD

The New Mexico Public Regulation Commission ("Commission" or "NMPRC") adopted Rule 17.9.572 ("Rule 572") of the New Mexico Administrative Code ("NMAC") to carry out the renewable portfolio standard ("RPS") established in the REA. The REA sets an increasing RPS requirement that 20% of retail sales be served by renewable energy beginning 2020, and increasing to 40% in 2025, 50% in 2030 and 80% in 2040. These requirements are subject to adjustments for voluntary program sales and new procurements are subject to cost impact protections.

3.2 LICENSING

Each Respondent must ensure that its Proposal is in full compliance with all applicable Federal, State and local laws, rules, regulations or other requirements. It is the obligation of Respondent to determine whether a contractor's license is required to submit a Proposal and/or to complete any part of the work in connection with the project ("Work"). If a license is required to submit a Proposal, Respondent must ensure that the license is issued in Respondent's name and that Respondent is in possession of such license at the time it submits its Proposal. Proposals for EPC and build-transfer ("BT") projects must include copies of required license(s) in the Proposal submittal. Additional information regarding contractor's licensing requirements for construction of the project may be obtained from the New Mexico Construction Industries Division - http://www.rld.state.nm.us/construction/.

It is the obligation of Respondent to determine whether a professional engineering license in one or more disciplines is required to perform the Work and to ensure that Respondent is in possession of such license at the time it submits its Proposal. See NMAC Rule 16.39.3.12.

See also, generally, NMSA 1978, Sections 61-23-1 through 61-23-24 and NMAC Title 16, Chapter 39, Part 3. Additional information may be obtained directly from the New Mexico Board of Licensure for Professional Engineers and Professional Surveyors - http://www.sblpes.state.nm.us.

3.3 HIRING OF APPRENTICES

Section 62-13-16 of the PUA requires that, subject to the availability of qualified applicants, the construction of facilities that generate electricity for New Mexico retail customers shall employ apprentices from an apprenticeship program during the construction phase of the project. Successful Respondents must comply with this requirement at a minimum level of ten percent for projects for which on-site construction commences beginning prior to January 1, 2024 and seventeen and one-half percent for projects for which on-site construction commences beginning January 1, 2024 and prior to January 1, 2026. Any apprenticeship program relied upon for sourcing the apprentices shall be registered pursuant to the Apprenticeship Assistance Act. Respondents shall identify in Attachment J or EPC Attachment G, as applicable, the extent to which they advertised or investigated the availability of qualified apprentices and the extent to which they shall be employed.

3.4 PREFERENCE FOR NEW MEXICO WORKERS

PNM promotes and encourages the use of workers residing in New Mexico to the greatest extent practicable and PNM will take the use of New Mexico workers into consideration in evaluating Proposals. Respondents shall identify the extent to which they anticipate use of New Mexico workers, shall submit with their Proposal the percentage of New Mexico workers anticipated to be used, and shall identify what assurances are being provided to maximize this percentage during the actual construction period. Respondents shall identify the extent to which they advertised or investigated the availability of qualified local labor resources and services as well as the extent to which they shall be applied to the proposed project in Attachment J or EPC Attachment G, as applicable.

3.5 PREFERENCE FOR NEW MEXICO MINORITY AND WOMAN-OWNED BUSINESSES

To the greatest extent practicable, PNM promotes and encourages the use of minority and woman-owned businesses located in New Mexico in all efforts to procure goods and services. PNM will take the use of minority and woman-owned New Mexico businesses into consideration in evaluating Proposals. Respondents shall identify in Attachment J or EPC Attachment G, as applicable, the extent to which they anticipate use of minority and woman-owned New Mexico businesses and shall submit with their Proposal the percentage of the contract value that will be contracted to minority and woman-owned New Mexico businesses.

3.6 SUPPLIER RISK SECURITY SCREENING

Supplier is required to ensure that equipment, firmware, software, or any component thereof quoted or proposed to PNM under this RFP is not prohibited by State or Federal law, regulation, or order. The Supplier Risk Security Screening Questions included in the mandatory “Questions” section of the RFP events “2026-2028 Generation Resources RFP-Market” and “2026-2028 Generation Resources RFP-EPC” will serve to eliminate high risk vendors from consideration in the RFP process. If Respondent answers ‘YES’ to questions 1 or 2, no further consideration will be given. If Respondent answers ‘YES’ to question 3, risk will be assessed and may result in disqualification of consideration. If Respondent answers ‘NO’ to questions 4-9, no further consideration will be given unless Respondent provides evidence or attestation of plans to remediate such deficiencies.

PART 4 - ELIGIBLE PROPOSALS

4.1 TYPES OF ELIGIBLE PROPOSALS

The following types of Proposals are eligible for consideration under this RFP:

- Proposals to sell energy, capacity, and/or ancillary services, under a power purchase agreement ("PPA") or under an energy storage agreement ("ESA") with or without an option to purchase the facility. Proposals may include short-term PPAs tied to a physical generating asset. PPA and ESA Proposals must utilize facilities located on a site controlled by the Respondent;
- Proposals to sell all or a portion of a generating asset under an asset purchase agreement ("APA") with rights to all capacity, energy, renewable energy certificates ("RECs"), and all other physical, financial, environmental, or other attributes associated with the asset;
- Proposals for build-transfer ("BT") projects on the Respondent's site. The site, the facility, all other improvements, and all environmental and other attributes of the project would be transferred to PNM upon completion. For a BT Proposal to be considered, the Respondent must submit proof of having a valid contractor's license in accordance with the New Mexico Construction Industries Division. Such license must be in the name of the Respondent and must be valid as of the time that the Proposal was submitted in response to this RFP (see Section 3.2 Licensing for further detail);
- Proposals for EPC contracts on a site controlled by PNM, as described in Section 6.4. For an EPC Proposal to be considered, the Respondent must submit proof of having a valid contractor's license in accordance with the New Mexico Construction Industries Division. Such license must be in the name of the Respondent and must be valid as of the time that the Proposal was submitted in response to this RFP (see Section 3.2 Licensing for further detail); and
- Proposals for demand-side resources ("DSR") sourced from PNM retail customer load as long as the offering meets the dispatchability, savings and other requirements identified herein.

PART 5 - RESOURCE CHARACTERISTICS

5.1 REQUIREMENTS APPLICABLE TO ALL RESOURCES

The following requirements are applicable to all resource types:

- Technologies proposed must be commercially available and commercially operating at the size and scale proposed;
- It is preferred that Proposals utilize the latest version of the selected technology available at the time of bidding, however, grey market equipment will be considered if provided with warranties and guarantees equivalent to those provided by the original equipment manufacturer;
- All geographical locations proposed for projects will be considered provided the necessary transmission system improvement costs and/or transmission service arrangements and costs are accounted for to ensure resources can deliver to PNM load and evidence is provided that such transmission can reasonably be acquired and/or built and operational to support the proposed Guaranteed Start Date; and

- Proposals involving a combination of resources will be evaluated considering the combined benefits of all resources proposed.

5.2 RENEWABLE RESOURCES

5.2.1 Wind & Solar Resources

PNM will evaluate new wind and solar resource Proposals with respect to their capabilities for operational flexibility and system reliability capability such as automatic generation control, fast frequency response, curtailment optionality, capacity firming optionality, or other reliability technologies and tools. Wind and solar resources with these operational/reliability advantages assist in meeting the reliability requirements of the PNM system. The above advantages may offset pricing differentials between Proposals. PNM will also examine any contract limitations or pricing penalties in PPA Proposals associated with operational flexibility, minimum take obligations or maintenance outage scheduling.

Respondents are encouraged to provide potential cost savings options, beyond the firm pricing required above that may result from further guidance from the Internal Revenue Service regarding the Inflation Reduction Act.

5.2.2 WREGIS Registration and Certification

For all renewable Proposals, the generating facility must be registered or will have to be registered by the asset owner in the Western Renewable Energy Generation Information System ("WREGIS") and its monthly generation reported to WREGIS, with RECs certified by WREGIS and transferable via WREGIS. All costs and fees associated with WREGIS registration and certification will be borne by the Respondent.

5.3 ENERGY STORAGE RESOURCES

All energy storage system Proposals will be evaluated considering the requirements of Section 62-9-1 of the PUA as applicable to the project, including but not limited to their ability to:

- Reduce costs to ratepayers by avoiding or deferring the need for investment in new generation and for upgrade to systems for the transmission and distribution of energy;
- Reduce the use of fossil fuels for meeting demand during peak load periods and for providing ancillary services;
- Assist with ensuring grid reliability, including transmission and distribution system stability, while integrating VERs into the grid;
- Support diversification of energy resources and enhance grid security;
- Reduce greenhouse gases and other air pollutants resulting from power generation;
- Provide the public utility with the discretion, subject to applicable laws and rules to operate, maintain, and control energy storage systems to ensure reliable and efficient service to customers; and
- Serve as the most cost-effective resource among feasible alternatives.

Projects involving energy storage shall comply with the following requirements:

- Be fully dispatchable by PNM, including intra-hour dispatch changes;

- Offer maximum operational flexibility, including a minimum total cycle-life equivalent of 365 annual equivalent full charge and discharge cycles multiplied by the resource life proposed. As it is expected that changes in the energy storage use case and/or variation in the needs of PNM's Balancing Area ("BA") (including variation in annual and total cycle quantities) will occur over the resource life, PNM requests that Respondents include offers or pricing alternatives for more favorable cycle-life limitations that offer increased operational flexibility and storage system utilization;
- Be provided with no daily cycling restrictions;
- Be dispatchable across the entire operating range. Resources that are dispatchable from zero (or nearly zero) to full output add additional benefit in meeting a loss of load expectation ("LOLE") requirement consistent with the 2020 IRP. Resources that have a minimum output greater than zero will be considered as long as they meet the dispatchability requirements across their operating ranges;
- Battery energy storage systems shall have a system latency of 1 second or less, a ramp rate (in both charging and discharging) of full capacity (in MW) within 1 second, and shall be provided with grid-forming inverters;
- Have the control systems in place with the ability to respond to dispatch and disconnection signals that originate remotely from PNM operations centers;
- As noted in Section 8.2.2.2 of this RFP for all technologies, commercial viability, maintainability, and maturity of technology proposed at the scale quoted will be considered in the non-price evaluation;
- If combined with a renewable resource, no requirement to charge the storage system solely from the renewable resource via application of federal tax credits available under the IRA – the project shall have the capability of directly charging from either the renewable resource or the grid from the initial date of operation;
- Include firm pricing for a maintenance agreement to maintain the energy storage capacity (MW and MWh) of the system for the duration of the term quoted or for 20 years for an EPC Proposal; and
- Have a minimum rate of charge equivalent to its rate of discharge.

Respondents are encouraged to provide potential cost savings options, beyond the firm pricing required above that may result from further guidance from the Internal Revenue Service regarding the Inflation Reduction Act.

5.4 NATURAL GAS FLEXIBLE RESOURCES

Flexible combustion turbine technologies (aero-derivatives) and reciprocating engines offer the ability to provide fast start times, flexible dispatch, economic ancillary services support and short lead times for construction. These resources improve the ability of PNM's system to incorporate and manage increased VER technologies.

Requirements associated with flexible natural gas resources are included below:

- Be fully dispatchable by PNM, including intra-hour dispatch changes;
- Be dispatchable across the entire operating range. Resources that are dispatchable from zero (or nearly zero) to full output add additional benefit in meeting LOLE expectations consistent with the 2020 IRP. Resources that have a

minimum output greater than zero will be considered as long as they meet the dispatchability requirements across their operating ranges;

- Be provided with the capability to convert to a non-carbon emitting or otherwise renewable fuel or proposing a methodology that assists PNM in complying with the emissions concentration requirements of Section 62-18-10(D) of the PUA with the costs and performance associated with such compliance methodology clearly identified in the Proposal;
- Proposals involving carbon-emitting technologies must:
  - (i) Be proposed as a limited-term resource under a PPA with a PPA term ending by December 31, 2039 (with an option for a PPA term ending by December 31, 2034), or
  - (ii) Include optionality for carbon-free operation beyond December 31, 2039 (with an option also provided for carbon-free operation beyond December 31, 2034), or
  - (iii) Include a carbon-free fuel conversion or firm buy-back option prior to December 31, 2039 to be selected at PNM's discretion (with an equivalent option also provided for carbon-free fuel conversion or firm buy-back option prior to December 31, 2034), or
  - (iv) Agree to otherwise be evaluated considering a shortened useful life with retirement of the facility as of either December 31, 2034 or December 31, 2039.

  The bid forms required per Section 6.17.2 ("Bid Forms") and supplemental information submitted for any carbon-emitting technology must clearly define the terms and conditions, pricing, emissions, and performance for the generating resource as well as for the sourcing and quantities of available alternative fuels, if applicable, over the proposed term. If a fuel conversion is proposed, Respondent must provide an estimate of such fuel conversion and delivered fuel costs with the Proposal with such costs to be confirmed no later than five (5) years prior to the proposed date of conversion for PNM review and acceptance.
- Have the control systems in place with the ability to respond to dispatch signals that originate remotely;
- Reciprocating engines - minimum load capability of no more than 25 percent of the unit rated full load capacity;
- Other natural gas technologies - minimum load capability of no more than 40 percent of the unit rated full load capacity;
- Be capable of achieving full output from a cold start in 10 minutes or less (faster start is preferred);
- Be capable of 1,500 starts per year and up to 8,760 hours of annual operation. Proposal and operations and maintenance costs will be based upon an assumed dispatch of 400 starts and 1,500 hours of equivalent full load operation per year;
- Reciprocating engines - minimum down time requirement of less than ten (10) minutes after a unit shut down and a minimum up-time requirement of less than five (5) minutes after a unit start;
- Have the ability, including compliance with any air permit restrictions, to execute multiple starts and cycle from offline to full output at least five (5) times per day;

- Have a minimum ramp rate of 20% of rated unit capacity per minute both for increasing and decreasing load after initial unit startup and load stabilization, but if this is not achievable, Respondents should indicate the achievable range of ramp rates per generator; and
- PNM, as a Balancing Area Authority ("BAA"), requires a minimum frequency response capability consistent with North American Electric Reliability Corporation ("NERC") Standard BAL-003-1 to maintain interconnection frequency within predefined boundaries. PNM requires that Respondents provide actual frequency response via operating governors. This would require that PNM receive the allocated share of frequency response from the proposed unit(s), based on generation capacities.

5.5 DEMAND-SIDE RESOURCES

PNM encourages and will evaluate Proposals for DSR capacity and energy products as part of this RFP. Such Proposals must consider the levels of DSR currently in-place and/or planned in PNM's DSR programs and must be incremental and separate from existing DSR programs. Appendix G provides an overview of PNM's customer profile as well as those customers already participating in PNM's existing DSR programs.

Information regarding rates and past energy efficiency filings and load management programs may be found at https://www.pnm.com/regulatory or through the NMPRC website at https://edocket.nmprc.state.nm.us. Energy efficiency cases include Case Nos. 20-00218-UT, 20-00087-UT, 17-00076-UT, 16-00096-UT, and 14-00310-UT. PNM's 2018 and 2019 EE&LM Annual Reports and Measurement & Verification Reports are also available on pnm.com/regulatory.

PNM is interested in evaluating the following types of DSR capacity or energy products and applications that can deliver services to retail load within PNM's BA.

- Load reduction from individual customers;
- Load reduction from multiple entities (i.e. aggregation); and
- General program management associated with any of the above.

The proposed structure, availability, pricing, and commercial terms for such DSR products shall be clearly detailed in the body of the Respondent's Proposal.

Respondents shall identify the firm capacity that can be delivered in the DSR Bid Forms for each hour of the day and each month of the year.

Delivery of services to PNM's BA will be considered as a PPA if services are deliverable to customers – DSR services must be deliverable to retail customer load as further described in Section 6.

5.6 OTHER RESOURCES

Resources and combinations of resources other than those identified in Sections 5.2 through 5.5, will be considered and are welcomed in response to this RFP. These resources may include but are not limited to those such as combined technology green energy complexes, hydrogen fueled resources with hydrogen generation, heavy frame combustion turbines, combined cycles, hybridization of existing resources, and solid-fueled resources. These resources shall be required to meet the following requirements:

- Be fully dispatchable by PNM, including intra-hour dispatch changes;

- Be dispatchable across the entire operating range. Resources that have a lower minimum output provide additional benefit in meeting LOLE requirements consistent with the 2020 IRP;
- Be provided with the capability to either initially assist PNM in complying with the emissions concentration requirements of Section 62-18-10(D) of the PUA or be able to convert to a non-carbon emitting or otherwise renewable fuel with the costs and performance associated with such compliance methodology clearly identified in the Proposal;
- Proposals involving carbon-emitting technologies must:
  (i) Be proposed as a limited-term resource under a PPA with a PPA term ending by December 31, 2039 (with an option for a PPA term ending by December 31, 2034), or
  (ii) Include optionality for carbon-free operation beyond December 31, 2039 (with an option also provided for carbon-free operation beyond December 31, 2034), or
  (iii) Include a carbon-free fuel conversion or firm buy-back option prior to December 31, 2039 to be selected at PNM's discretion (with an equivalent option also provided for carbon-free fuel conversion or firm buy-back option prior to December 31, 2034), or
  (iv) Agree to otherwise be evaluated considering a shortened useful life with retirement of the facility as of either December 31, 2034 or December 31, 2039.

  The Bid Forms and supplemental information submitted for any carbon-emitting technology must clearly define the terms and conditions, pricing, emissions, and performance for the generating resource as well as for the sourcing and quantities of available alternative fuels, if applicable, over the proposed term. If a fuel conversion is proposed, Respondent must provide an estimate of such fuel conversion and delivered fuel costs with the Proposal with such costs to be confirmed no later than five (5) years prior to the proposed date of conversion for PNM review and acceptance.
- Have the control systems in place with the ability to respond to dispatch signals that originate remotely;
- PNM, as a BAA, requires a minimum frequency response capability consistent with NERC Standard BAL-003-1 to maintain interconnection frequency within predefined boundaries. PNM requires that Respondents provide actual frequency response via operating governors. This would require that PNM receive the allocated share of frequency response from the proposed unit(s), based on generation capacities; and
- Respondents shall identify the following Proposal characteristics in the Bid Forms defined in Section 6.17.2:
  (i) Minimum load capability;
  (ii) Quantity of allowable starts and hours of operation per year;
  (iii) Minimum down time after a unit shut down;
  (iv) Minimum run time after a unit start;
  (v) Allowable quantity of starts per day; and
  (vi) Minimum ramp rate per minute both increasing and decreasing load.

PART 6 – PROPOSAL CONTENT REQUIREMENTS AND SUBMISSION PROCEDURE

6.1 GENERAL

All Proposals must satisfy eligibility requirements set forth in the RFP and be submitted in accordance with this Instructions to Bidders to be considered for evaluation.

6.2 "BID DOCUMENTS"

The Bid Documents are complementary, and the Respondent must consider anything specified by one and not by the others as binding as though specified by all. In the case of a conflict between the various specification sections and/or the drawings and any supplemental information, the stricter interpretation as determined by PNM will govern.

6.3 REQUIREMENTS APPLICABLE TO ALL PROPOSALS

The following requirements apply to all Proposals. Additional requirements applicable to Proposals for specific project types are included in subsequent sections of this Part 6.

- Respondents are requested to identify the earliest achievable Guaranteed Start Date for the project(s) offered.
- Proposals and pricing must be provided for one of the Guaranteed Start Dates identified in Section 1.3 of this RFP.
- Proposals and pricing must remain valid and binding through the dates outlined below, with the date of expiration explicitly stated in the Proposal. PNM may choose to refresh Proposals and pricing at any time during the Proposal evaluation period.
    (i) 2026 Proposals – June 30, 2024
    (ii) 2027 Proposals – September 30, 2024
    (iii) 2028 Proposals – September 30, 2024
- Due to the expected ongoing evolution and clarification of the Inflation Reduction Act provisions, Proposals offered for a May 1, 2027 or May 1, 2028 Guaranteed Start Date that are dependent upon these provisions will be offered an opportunity to firm the proposed pricing prior to PNM's shortlisting of resources. All Proposals shortlisted for these Guaranteed Start Dates will be expected to provide a "best-and-final" pricing refresh prior to PNM's selection of finalist resources.
- All prices in the Proposal and pricing forms must be quoted in nominal U.S. dollars in the year to be incurred.
- Proposed projects must be designed for and capable of both full load and idle operation over an ambient temperature range of -20^{o}F to 110^{o}F with the full range of relative humidity.
- Proposals must identify the degree to which the Proposal is dependent upon federal Investment Tax Credits, Production Tax Credits, tax benefits afforded via the Inflation Reduction Act, Industrial Revenue Bonds, Payment in lieu of Taxes, or other federal, state, or local tax benefits.
- Proposals must demonstrate firm transmission service is available or identify a plan for firm transmission service to enable the delivery of energy to PNM's load.

- Proposals must include all applicable taxes (i.e. New Mexico Gross Receipts Tax), licenses, fees, etc. Respondent must provide a clear description and break-out of these taxes, licenses, fees, etc. in the Proposal. For clarity, the following is PNM's interpretation of the applicability of New Mexico Gross Receipts Tax (NMGRT) to proposed projects. Respondents should confirm the applicability of NMGRT with their tax counsel prior to submitting a Proposal.

  (i) NMGRT is generally applicable to the tangible project property as well as the labor and services to construct and operate the project.

  (ii) If the Respondent is financing the proposed project via an Industrial Revenue Bond ("IRB") or similar arrangement, the IRB could avoid NMGRT on the procurement of tangible facility assets. However, NMGRT would still be applicable to the labor and services to construct and operate the project.

  (iii) PNM will pursue a Non-Taxable Transaction Certificate (NTTC) for all PPA Proposals offering renewable energy (solar or wind) for re-sale. In this instance, NMGRT will not be applicable to the energy sales from the project but will still apply to the tangible project property as well as the labor and services to construct and operate the project. Note that NTTCs will not be applicable to ESAs or the energy storage component of a hybrid renewable and energy storage project.

  (iv) PNM will apply NMGRT to the energy sales from all projects except for those renewable projects for which PNM will obtain an NTTC. As PNM will account for these NMGRT costs, Respondents are requested to not include NMGRT on the energy sales in the pricing quoted.

- Proposals must comply with the requirements of Appendix I to this RFP regarding the design of the Supervisory Control and Data Acquisition ("SCADA") system, with scope adjustments as applicable to the type of resource and contracting structure proposed. This Appendix will be incorporated as an Exhibit to the executed contract and Respondents must provide proposed redlines to the requirements outlined therein.
- Proposals must include all costs of shipping and related expenses associated with the Respondent's work scope.
- Proposals must identify assumed insurance types and levels.
- Proposals must comply with all applicable federal, state and local laws.
- Proposals that culminate in a successful project are required to obtain appropriate registration for all applicable NERC functions and must operate equipment within applicable NERC Standards.
- Proposals must clearly identify the environmental characteristics of the project including emissions rates, land quantities and land owner status (public, private, native, or otherwise protected), right-of-way and site acquisition status, environmental assessments and studies completed or anticipated and potential impacts on biological, geological and archeological resources, environmental permits acquired or anticipated, and other environmental-related factors. For solar and wind proposals: identify how construction and ongoing site/vegetation management will limit impacts to top soil and native vegetation including any plans to ensure pollinator habitat and biodiversity, and avian protection plans.

- Proposals for resources on the Respondent's site must identify all costs including electrical interconnection costs. Respondent's Proposal must include firm, not to exceed capital costs with a break-out for electrical interconnection costs. Detailed cost and scope information for the interconnection and power delivery system upgrades must be included in Attachment F – Electrical Interconnection – Power Delivery of the Market Bid Forms with additional information included, as required, in the Proposal supplemental information. The detailed information must clearly show whether the costs 1) are embedded in the Proposal pricing and remain the responsibility of the Respondent, 2) are initially incurred by the Respondent but reimbursed by the Transmission Provider and are excluded from the Proposal pricing or 3) are incurred by the Transmission Provider and are excluded from the Proposal pricing. Respondents offering PPA, ESA, BT, or APA offers will be responsible for identifying and obtaining all transmission arrangements, the implementation schedule, and all costs to deliver to PNM's load and shall assume that PNM has no available long-term, firm transmission rights that may be re-directed or used for delivery of this project to load. Respondents shall provide verified interconnection and transmission costs developed through Federal Energy Regulatory Commission ("FERC") transmission interconnection request processes or through an equivalent independent study.
- Proposals must identify the extent to which the project will implement the use of workers residing in New Mexico, minority and woman-owned New Mexico businesses, and apprentices from an apprenticeship program.
- In accordance with Section 3.2 regarding licensing, if New Mexico law requires a contractor's license to construct the project, Respondent must have such license at the time it submits its Proposal, and such license must be issued explicitly in the name of the Respondent. Proposals not conforming with this requirement will not be further considered.

6.4 ADDITIONAL REQUIREMENTS FOR EPC PROPOSALS

Respondents offering EPC Proposals and requesting access via a private Vendor "question" in the Q&A Board to the "2026-2028 Generation Resources RFP-EPC" RFP module will be granted access to data regarding site characteristics for PNM controlled sites. EPC Respondents are encouraged to provide Proposals at these sites for any resource type as long as the resource capacity and type can feasibly be implemented at the associated site. EPC Respondents shall assume that natural gas interconnection and delivery to the project site, as applicable, electrical interconnection, and other required utilities will be provided by PNM at its cost. Respondents must clearly state natural gas, electrical interconnection, and other utility requirements in their Proposal.

EPC Proposal information including site infrastructure information, site electrical and fuel interconnection capabilities, and additional technical clarifications will be provided by the EPC Support Team. All EPC Respondent communications prior to Proposal submittal shall be submitted via the Q&A Board in the "2026-2028 Generation Resources RFP-EPC" RFP module. All such communications will then be directed to the EPC Proposal Facilitator for details and inquiries regarding available sites and technical requirements.

Proposals received from EPC Respondents will be evaluated on equal footing with other Proposals. EPC Respondents will be required to provide detailed information regarding the specifics of engineering and constructing an addition to an existing PNM plant or location. For an EPC Proposal at PNM-controlled sites, Respondent will be responsible for ensuring

that the Proposal will satisfy the existing site permits and electrical interconnection limitations.

Table 2 provides an indication of suitable technology applications at each of the existing PNM controlled sites based upon existing site characteristics and infrastructure. While technology types are indicated for each site, Respondents are welcome to offer alternative technologies at these sites under an EPC arrangement.

Table 2. Available EPC Sites and Indicative Capacities

EPC Site Options with Estimated Capacity	
- San Juan Generating Station	95.6 MW – Solar / Energy Storage
- San Juan Generating Station	236 MW – Thermal and/or Energy Storage
- La Luz Generating Station	40 MW – Thermal and/or Energy Storage
- Reeves Generating Station	240 MW – Thermal and/or Energy Storage (2028 GSD Only)
- Algodones Generating Station	50 MW – Energy Storage
- Sandia Substation	150 MW – Energy Storage
Existing PNM solar project sites with capability to support battery energy storage in the following approximate capacities:	
- Rio Del Oro Solar	10 MW
- Rio Rancho Energy Center	10 MW
- San Miguel 1	10 MW
- San Miguel 2	10 MW
- Vista Energy Center	10 MW
- Albuquerque Solar	2 MW
- Los Lunas Solar	7 MW
- Deming Solar	9 MW
- Alamogordo Solar	5 MW
- Las Vegas Solar	5 MW
- Otero County Solar	8.0 MW
- Meadow Lake Solar	8.9 MW
- Sandoval County Solar	6.4 MW
- Cibola County Solar	8 MW
- Rio Communities Solar	10 MW
- Santa Fe Solar	9.0 MW
- Santolina Solar	10.0 MW
- South Valley Solar	10 MW
- Manzano Solar	8.4 MW
Energy storage projects at multiple of the above sites with aggregated pricing would be considered.	

6.5 ADDITIONAL REQUIREMENTS FOR PPA / BT / ESA PROPOSALS

- PPA and ESA Proposals of varying term durations will be considered in response to this RFP. For evaluation purposes, Proposals with a shorter term than the intended twenty (20) year evaluation period will be evaluated with the modeling of generic resources, including a sensitivity analysis around potential generic

resource costs, consistent with PNM's long-term planning objectives after the expiration of the quoted term.

- PPAs utilizing carbon-emitting technologies shall provide the capability to convert to a non-carbon emitting or otherwise renewable fuel or propose a methodology that assists PNM in complying with the emissions concentration requirements of Section 62-18-10(D) of the PUA with the costs and performance associated with such compliance methodology clearly identified in the Proposal.
- Offered resources must be interconnected to PNM's transmission system in New Mexico or at the San Juan or Four Corners switch yards, or delivered on firm, third-party transmission to PNM's system in New Mexico or at the San Juan or Four Corners switch yards to allow delivery to PNM's load center; in all cases, the ability to deliver to PNM's load is required.
- ESA Proposals must be structured such that the project entity executing a final definitive agreement resulting from the RFP process ("Agreement") does not incur, assume, or carry any debt in connection with the project. Debt must be held outside of the project entity and may be held by an affiliate or parent organization.
- Costs proposed for all PPA, BT, and ESA resources must include electrical interconnection costs, third-party wheeling fees, fuel, and other utility costs if applicable. Respondent's Proposal must include firm, not to exceed, interconnection costs.
- The Proposal must demonstrate credit support as defined in Section 6.7 or collateral value sufficient to provide surety of contract performance over the full Agreement term. Acceptable methods of surety, in the reasonable discretion of PNM, include (a) cash, (b) a letter of credit in a form reasonably acceptable to PNM issued by a U.S. bank or a U.S. branch of a foreign bank with credit ratings by both Standard & Poor's Ratings Group ("S&P") and Moody's Investor Services, Inc. ("Moody's") of at least A- and A3, respectively and at least Ten Billion Dollars ($10,000,000,000) in U.S.-based assets (c) a Respondent guaranty from a Respondent guarantor, or (d) other security as may be reasonably acceptable to PNM.
- PPA Proposals, in Attachment D-1, must outline considerations associated with potential reliability curtailments as directed by PNM or another BA as well as considerations associated with economic curtailments or curtailments for overgeneration of renewable resources on PNM's system.
- For renewable PPA Proposals, the Respondent must configure the ramp rate for the project such that it will not generate energy at a rate that increases greater than ten (10) MW per minute.
- Respondents proposing BT projects must provide a comprehensive Proposal demonstrating compliance with the applicable Technical Specifications included in Appendix F. For any Proposals considering technologies other than those specified in Appendix F, Respondents must provide sufficient detail to demonstrate that the project will be developed, designed and delivered in accordance with prudent utility practices and to utility-grade standards.
- Due to the associated risk of liabilities (e.g. health, safety, environmental), NERC and Western Electricity Coordinating Council ("WECC") security requirements, and the associated complications with having a third-party owner/operator on a

PNM-controlled site, PNM will not consider PPA, ESA, or BT Proposals on existing PNM controlled locations.

- PNM has a preference for PPA Proposals that do not subject PNM to any accounting or tax treatment that results from imputed debt, capital lease or Variable Interest Entity ("VIE") treatment. All PPA Proposals must:

  - Demonstrate that the Respondent has considered applicable accounting standards in regard to capital leases, specifically Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topics ("ASC") 840 and 842 Leases and any PNM variable interest in a VIE pursuant to FASB Topic ASC 810 Consolidation-Variable Interest Entities;

  - Provide analysis and conclusion of the Respondent's knowledge and belief regarding why the Respondent's Proposal would not result in a capital lease (ASC 840 and 842) or a variable interest in a VIE (ASC 810);

  - Summarize any changes that the Respondent proposes to the Model PPA Form Agreements or Term Sheets attached to this RFP in order to attempt to address these issues; and

  - Describe the role of federal and state tax credits (or other incentives) on the financing of the project. Proposals considering qualification of the Federal Production Tax Credit or the Federal Investment Tax Credit must include documentation/evidence of qualification or, as applicable, approach for qualification. Proposals considering PPA structures must be based on the Respondent retaining all risk associated with federal tax credit qualification including any associated price and schedule impacts.

6.6 ADDITIONAL REQUIREMENTS FOR APA PROPOSALS

All APA Proposals must provide a description of the proposed transaction from a tax perspective, including whether the Respondent plans to sell a limited liability company ("LLC") or assets, which could have tax implications for PNM. Costs proposed for all APA resources must include all electrical interconnection, fuel, and other utility costs, as applicable. Respondent's Proposal must include firm, not to exceed, interconnection costs.

6.7 CREDIT REQUIREMENTS

The Respondent must be able to satisfy PNM's credit standards to ensure the Respondent has adequate financial capability. PNM requires qualified Respondents to either have an investment grade rating (S&P BBB or above; Moody's Baa2 or above) or have sufficient equity security to cover Respondent's anticipated delivery obligations under any agreement entered into as a result of this RFP process. PNM will utilize the lower of the published credit ratings from S&P or Moody's for long-term senior unsecured debt to determine a Respondent's credit rating. PNM may also consider credit rating by other credit rating agencies serving the U.S. market. If Respondent is unable to satisfy the foregoing credit standards, Respondent may designate a credit support provider / guarantor, and if the credit support provider / guarantor is satisfactory to PNM, the Respondent will be deemed to have satisfied PNM's credit standards. The quality of credit of the proposed credit support provider / guarantor will be evaluated under the same standards as that of the Respondent.

Execution of a final, definitive agreement under this RFP will be conditional upon full satisfaction of PNM's credit support requirements. PNM reserves the right to impose additional credit standards and to review and evaluate the quality of credit of each Respondent and credit support provider/guarantor and to make adjustments, as necessary, in the application of the foregoing standards.

6.8 COST OF BIDDING

Respondent will bear all costs associated with the preparation and submission of its Proposal. Neither PNM, nor its parent company or affiliates, nor any agent of PNM will be responsible or liable for any costs, regardless of the cost or outcome of the bidding process.

6.9 BID SUBMISSION FEE

A non-refundable bid submission fee must accompany each Proposal in order to qualify the Proposal for consideration. The bid submission fee will be $5,000 for each Proposal in response to the RFP.

The bid submission fee will be waived by PNM for all resources previously submitted in either of PNM's 2021 Replacement Generation Resources RFP or the 2023 to 2024 Generation Resources RFP but only to the extent that the project and associated characteristics offered under this 2026-2028 RFP are substantially equivalent. Significant deviations from a previously submitted Proposal will require submittal of a bid submission fee.

The quantity of Proposals and associated bid fees will be determined based upon the following, each of which will be considered as a separate Proposal:

- Proposals for projects at different locations;
- Proposals for projects of different technology types or technology combinations;
- Proposals for projects with different contracting structures (e.g. PPA, ESA, DSR, EPC, APA, BT).

Proposals for projects with variations in the following factors will not be considered to be separate Proposals and will not require an additional bid submission fee;

- Guaranteed Start Dates
- Pricing structures
- Project capacity/sizing

Bid submission fee examples are as follows:

1) An RFP response that offers a solar/battery energy storage hybrid solution, a stand-alone solar, and a stand-alone battery energy storage offer under a PPA contracting structure will require a bid submission fee of $15,000 based upon three individual technology offers being proposed.
2) An RFP response that offers a DSR solution with varying capacities and availability will incur a single bid submission fee of $5,000.
3) An RFP response that offers a single Proposal for a combined hybrid wind, solar, and storage solution will incur a single bid submission fee of $5,000.
4) An RFP response offering a PPA and a BT contracting structure for a wind project at a single site will incur a bid submission fee of $10,000.

5) An RFP response offering a solar EPC project at three different sites and two different capacities at each site will incur a bid submission fee of $15,000 based upon projects being offered at three different sites.

6) An RFP response offering energy storage solutions of varying capacities, storage durations, and pricing structures, under an ESA contracting structure at a single site with two proposed Guaranteed Start Dates will incur a bid submission fee of $5,000.

The bid submission fee may be paid by certified check made out to "Public Service Company of New Mexico". Payment via Automated Clearing House ("ACH") is also accepted.

Mail bid fees to: Public Service Company of New Mexico
Attn: Division Accounting MS-ES01
2021 Gen Resources RFP
4201 Edith Blvd.`
Albuquerque, NM 87107

ACH Remittance Instructions:

To be provided upon vendor registration to the corresponding events.

6.10 DISCLAIMER

Respondent is responsible for examining the complete Bid Documents and any subsequently issued RFP addenda and is responsible for analyzing all RFP requirements that might in any way affect the cost of the project or performance of any part of the Work. Failure to do so will be at the sole risk of the Respondent, and no relief will be given for errors or omissions resulting therefrom.

6.11 RESPONDENT'S REPRESENTATION

Each Respondent, by submitting a Proposal, represents that the Respondent has read and understands the Bid Documents and is familiar with the local conditions under which the Work is to be performed. Respondent further represents that it holds all licenses and permits required by applicable law to submit its Proposal and that all such licenses and permits are issued in its name.

6.12 REQUIRED APPROVALS

Each Proposal must state that Respondent has obtained all necessary internal approvals prior to the submission of the Proposal. All Proposals must be signed as follows:

- Corporations: Signature of officer must be accompanied by a certified copy of the resolution of the board of directors authorizing the individual signing to bind the corporation.
- Partnerships: Signature of one partner must be accompanied by a certified copy of the power of attorney authorizing the individual signing to bind all partners. If a certified copy of the partnership's certificate submitted with the Proposal indicates that all partners have signed, no authorization is required.
- Joint Ventures: Signature by one of the joint venture parties accompanied by a certified copy of the power of attorney authorizing the individual signing to bind all

the joint venture parties. If a certified copy of the joint venture party's certificate submitted with the Proposal indicates that all joint venture parties have signed, no authorization is required.

6.13 PROPOSAL SUBMITTAL

Respondents must submit Proposals via the PNM Supply Chain Sourcing Team's RFP event modules as explained in Section 1.4.2. Complete Proposals, including all exhibits, forms, and fee, must be received on or before 8:00 p.m. (Mountain) on the RFP Proposal Due Date via the corresponding RFP module. All Proposals will become the property of PNM and will not be returned to the Respondent. Upon uploading the Proposal(s) to the applicable RFP module, Respondents must click the "Submitted" button, which changes the Proposal status to "Submitted," to fully transmit all of the Proposal's uploaded files and allow for its proper retrieval.

6.14 WITHDRAWAL OF PROPOSALS

Beginning at 8:00 PM on the Proposal Due Date and continuing through the bid validity date identified in Section 6.3, no Respondent may withdraw its Proposal without written consent of PNM. All Proposals will be subject to acceptance by PNM during this period.

6.15 CONFIDENTIALITY AND COMPLIANCE

PNM will take reasonable precautions and use commercially reasonable efforts to protect any claimed proprietary and confidential information contained in a Proposal, provided that such information is clearly identified by the Respondent as "PROPRIETARY AND CONFIDENTIAL MATERIAL". Notwithstanding the foregoing, PNM in its sole discretion may release such information: (1) to any external contractors for the purpose of evaluating Proposals, but such contractors will be required to observe the same care with respect to disclosure as PNM; (2) to others who have a need for such information for purposes of evaluating the RFP and the Proposals, the RFP process or a final definitive Agreement, including but not limited to the Commission, its employees, staff, consultants and/or agents, and other parties, their consultants and/or agents, or in any Commission proceedings relating thereto; or (3) if PNM is requested or compelled to disclose such information (or portions thereof) (i) pursuant to subpoena or other court or administrative process, (ii) at the direction of any governmental authority with jurisdiction over PNM or the subject matter of this RFP, or (iii) as otherwise required by law. If PNM determines that the release of such information will be made under one of the circumstances set out above, PNM will provide Respondent with written notice. PNM is under no duty or requirement to Respondent to withhold such information or take legal steps to protect the information from disclosure if, in PNM's judgment, there is a need to provide it under the circumstances described above. Under no circumstances will PNM, its parent corporation or affiliates, or any of their directors, officers, management, employees, agents or contractors be liable for any damages resulting from the disclosure of Respondent's claimed proprietary and confidential information during or after the RFP process. By submitting a Proposal in response to this RFP, Respondent acknowledges and agrees to the requirements in this provision concerning confidentiality. In the event PNM uses internal, proprietary projections in its evaluation process, the resulting projections will not be shared with Respondents.

All successful parties will be required to register as necessary for all appropriate NERC registration functions commensurate with the functional role(s) played on the grid, as outlined in the NERC Rules of Procedure. Successful parties shall also comply with all applicable NERC requirements.

6.16 COLLUSION

By submitting a Proposal to PNM in response to this RFP, the Respondent represents and certifies that the prices presented in its Proposal were arrived at independently and that the Respondent has not divulged, discussed, or compared its Proposal with other Respondents or colluded in any manner whatsoever with any other Respondent or parties with respect to its Proposal or other Proposals; provided, however, that this provision is not intended to prevent multiple parties from making a joint Proposal in which the roles and responsibilities of each party are clearly delineated in the Proposal.

6.17. PROPOSAL FORMAT AND CONTENTS

This section outlines the content and format requirements for all Proposals submitted in response to this RFP. Unless PNM in its sole discretion elects otherwise, Proposals that do not include the information requested in this section will be ineligible for further evaluation, unless PNM determines that the information requested is not applicable or not relevant to a given Proposal. PNM reserves the right to conduct any further due diligence it considers necessary to fully understand and evaluate Proposals prior to entering into any Agreement.

A complete Proposal will include the following components:

- Executive summary;
- Complete set of applicable Bid Forms (Forms identified below);
- Form attachments (as necessary to elaborate on Bid Form information); and
- Any additional electronic data or narrative discussion.

6.17.1Executive Summary

The executive summary should briefly describe the Respondent, the project(s) or resource(s) that are part of the Proposal, the capacity amount, timing and term of the Proposal, and key highlights of the pricing and terms of the Proposal, including whether it will be considered a capital lease or be subject to VIE treatment.

6.17.2Bid Forms

Required Bid Forms will vary between EPC Proposals, DSR Proposals and all other Proposals. The required forms for each are as identified below. To the extent the full completion of any form requires additional information or clarification, please provide that information as an attachment to the form. Information provided in these forms will be a basis for determining performance guarantees associated with a potential Agreement. Electronic submissions should include the completed Bid Forms in the native file format provided on the RFP event.

Separate Bid Forms shall be submitted for each Proposal alternative offered by the Respondent. Additionally, Respondents shall submit separate Bid Forms and include additional supplemental information, as necessary, to fully describe a project's characteristics on any proposed alternative fuels or following any fuel conversion, including but not limited to performance, emissions, fuel sourcing, pricing, required equipment modifications, and proposed timing of the equipment modifications.

6.17.2.1 EPC Bid Forms. The Bid Forms for EPC Proposals include:

EPC Attachment A – Bid Profile
EPC Attachment A-1 – Disclosure of Defaults
EPC Attachment A-2 – Disclosure of Prior Performance
EPC Attachment B-1 – May 1, 2026 Schedule Verification Form

EPC Attachment B-2 – May 1, 2027 and May 1, 2028 Schedule Verification Form
EPC Attachment C – Bid Certification Form
EPC Attachment D – Proposal Form
EPC Attachment D-1 – Price Breakdown Table
EPC Attachment E-1 – Commercial Clarifications and Exceptions
EPC Attachment E-2 – Technical Clarifications and Exceptions
EPC Attachment F – Conflict of Interest Form
EPC Attachment G – Contracting/Employment Plan
EPC Attachment H – Milestone Payment Schedule
EPC Attachment I – Cancellation Schedule
EPC Attachment J – Proposal Data Forms
EPC Attachment K – Technical Submittal Checklist

6.17.2.2 Market Bid Forms. The Bid Forms for all Proposals, other than EPC and DSR Proposals, include:

Attachment A – Bid Profile
Attachment A-1 – Disclosure of Defaults
Attachment A-2 – Disclosure of Prior Performance
Attachment B-1 – May 1, 2026 Schedule Verification Form
Attachment B-2 – May 1, 2027 and May 1, 2028 Schedule Verification Form
Attachment C – Bid Certification Form
Attachment D-1 – PPA Proposal Data Forms
Attachment D-2 – APA Proposal Data Forms
Attachment D-3 – BT Proposal Data Forms
Attachment D-4 – ESA Proposal Data Forms
Attachment E – Technical Description
Attachment F – Electrical Interconnection – Power Delivery
Attachment G – Fuel Information
Attachment H – Permitting, Land Use, Zoning
Attachment I – Project Milestones
Attachment J – Contracting/Employment Plan
Attachment K – Conflict of Interest Form
Attachment L – APA/BT Technical Submittal Checklist

6.17.2.3 DSR Bid Forms. The Bid Forms for DSR Proposals include:

Attachment A – Bid Profile
Attachment A-1 – Disclosure of Defaults
Attachment A-2 – Disclosure of Prior Performance
Attachment B-3 – DSR Schedule Verification Form
Attachment C – Bid Certification Form
Attachment D-5 – DSR Proposal Data Forms
Attachment J – Contracting/Employment Plan
Attachment K – Conflict of Interest Form

6.17.2.4 EPC Supplemental Information. In addition to the Bid Forms noted above, Respondents must include supplemental information to clearly identify the scope of the Proposal. The supplemental information for EPC Proposals, at a minimum, must include the following, in the order identified, with each topic beginning on a separate page.

A. Description of the Respondent
B. Financial Information / Credit Quality
C. Exceptions / Red-Line Markup to Appendix D – EPC Form Agreement (provide in original, native file formats with tracked changes)
D. Identification of all Pricing Terms
E. Required Licenses as referenced in Sections 3.2 and 4.1
F. Project Description
G. Equipment Description
H. Cybersecurity Provisions and Specifications
I. EPC Experience / Similar Projects
J. Project Team Organization and Resumes
K. Contracting and Employment Plan– addressing New Mexico minority and woman-owned businesses, New Mexico contractors, and apprentice labor sourcing
L. Corporate Environmental, Health, and OSHA Safety Records for the last three years
M. Project Implementation Schedule
N. Project and Construction Execution Plan
O. Exceptions / Red-Line Markup to Appendix I
P. Other Attributes

6.17.2.5 Market Bid Supplemental Information. The supplemental information for Market Proposals, at a minimum, must include the following, in the order identified, with each topic beginning on a separate page.

A. Description of the Respondent
B. Financial Information / Credit Quality
C. Contract Accounting / Project Financing Plan
D. Identification of all Pricing Terms
E. Project Description
F. Power Delivery Plan
G. Transmission Plan
H. Interconnection Plan
I. Cybersecurity Provisions and Specifications
J. Fuel Contracting Plan
K. Project Environmental Overview
L. Operations and Maintenance Plan
M. Contracting and Employment Plan – addressing New Mexico minority and woman-owned businesses, New Mexico contractors, and apprentice labor sourcing
N. Environmental Permitting and Compliance Plan
O. Corporate Environmental, Health, and OSHA Safety Records for the last three years
P. Exceptions / Red-Line Markup to the applicable form Contract or Term Sheet (provide in original, native file formats with tracked changes)
Q. Exceptions / Red-Line Markup to Appendix I
R. Projects to-be-built
    1. Equipment Description
    2. Required Licenses as referenced in Sections 3.2 and 4.1
    3. Development Experience
    4. Development Schedule
    5. Real Property Acquisition Description and Plan
    6. Permitting Plan

7. Community/State Reaction Assessment

S. Other Attributes

6.17.2.6 DSR Bid Supplemental Information. The supplemental information for DSR Proposals, at a minimum, must include the following, in the order identified, with each topic beginning on a separate page.

A. Description of the Respondent
B. Financial Information / Credit Quality
C. Contract Accounting / Project Financing Plan
D. Identification of all Pricing Terms
E. Project Description
F. Marketing and Customer Recruitment Plan
G. Summary of Customer Outreach / Marketing Completed
H. System Diagram (specific to Proposal and not generic)
I. Generic System Information (marketing / qualification material – optional)
J. Software System Overview and Specifications
K. Technology Overview and Specifications
L. Cybersecurity Provisions and Specifications
M. Communications System Diagram
N. Preferred Vendor and Contractor List
O. Implementation Plan and Schedule
P. Metering Schematic and Plan
Q. Operations and Maintenance Plan
R. Customer Service Plan
S. End-of-Term Customer Requirements (Equipment Ownership)
T. Detailed List of Requirements from PNM
U. Billing Program Structure Overview
V. Draft Form Agreement between Respondent and Customer(s)
W. Draft Form Program Agreement between Respondent and PNM
X. Other Attributes

PART 7 – RFP PROCESS

7.1 COMMUNICATION

7.1.1 PNM Supply Chain Sourcing Team's RFP Site

All inquiries and other communications relating in any manner to this RFP will be hosted on the Q&A Board of the corresponding RFP module "2026-2028 Generation Resources RFP-Market" and/or "2026-2028 Generation Resources RFP-EPC." To send a private message, inquiry, or communication to PNM's RFP team, please utilize the option "Ask a Question."

PNM makes no commitment to respond to other communications received via telephone, FAX, text messaging or other media. Additionally, Respondents may not rely on any oral representation or oral modification made by any PNM employee or agent of PNM. In order to preserve transparency in the process and to assure that all Respondents receive equal consideration, Respondents may not contact any PNM employees or agents of PNM in regard to this RFP. Failure to comply with this requirement could result in disqualification of the corresponding Proposal. All communications are to be conducted through the RFP event.

7.1.2 Responses to Inquiries

PNM will prepare written responses to questions received and will post the responses (without identification of the party asking the questions) on the applicable RFP module for all Respondents who accept the NDA terms within the respective RFP event. Questions that are applicable to both the Market and EPC events will be shared with all Respondents. All questions must be submitted via the RFP module Q&A Board.

Questions must be formatted as follows:

- Clearly identify the specific document reference to which the question pertains, and date; and
- Clearly identify the document language or section in question.

Questions must be timely submitted in groups to allow for proper consideration and response. Questions that Respondent believes to be commercially sensitive or confidential must be individually marked as "Confidential". Questions marked "Confidential" will not be shared with other Respondents unless PNM determines that the question is a general, non-sensitive technical or commercial question.

7.2 SCHEDULE

The RFP process will proceed in accordance with the following schedule:

RFP SCHEDULE – ACTIVITY	DATE	
RFP Process Announced – Press release	November 3, 2022	
Non-Disclosure Agreement and RFP/Bid Documents available (Market and EPC Events)	(RFP/Bid Documents available after acceptance of NDA terms)	
Virtual Pre-Bid Conference and EPC Site Visits Registration Deadline	November 18, 2022	
Pre-Bid Virtual Conference	November 21, 2022	
Virtual EPC Site Visits	November 21, 2022	
	2026 GSD Offers	**2027-2028 GSD Offers**
Deadline for Questions from Respondents	December 16, 2022	January 13, 2023
Proposal Due Date & Bid Submission Fee Due *	January 5, 2023 (8:00 PM Mountain Time)	February 1, 2023 (8:00 PM Mountain Time)

Successful Short-List Respondents Notification	Q1 2023	Q2 2023
Successful Respondent Notification	Q1 2023	Q3 2023
Estimated Agreement Execution Date	Q1 2023	Q3 2023
Required Power Supply / Guaranteed Start Date	May 1, 2026 or before	May 1, 2027 or before or May 1, 2028 or before

* Respondents must note that the RFP Proposal Due Date is firm. No extensions to the bid process duration as noted above will be offered.

PNM reserves the right to revise, suspend, or terminate this RFP process and any schedule related thereto at its sole discretion without liability to Respondents or any other person or entity.

Communications regarding the status of this RFP process, including any and all changes and addenda to this RFP or attendant schedules, will be made via the applicable RFP event.

7.3 PRE-BID CONFERENCE

7.3.1 Schedule

PNM will host a pre-bid conference further detailing information requested in the RFP. The pre-bid conference webinar information and registration site will be provided to the interested parties requesting access by submitting attendance confirmation via the "Ask a Question" option in the Q&A Board of the respective RFP modules or by contacting PNM's Supply Chain Sourcing Team through purchasing@pnmresources.com. Respondents are encouraged to bring any questions requiring clarification.

Date: **Monday, November 21, 2022**

Time: **10:00 AM – 11:00 PM, Mountain Time**

7.3.2 Virtual Site Visit Details

PNM will host a virtual site visit via web-conference to provide information regarding the potential EPC project sites as coordinated with the EPC Proposal Facilitator. Upon acknowledgment and acceptance of the NDA terms and conditions within the "2026-2028 Generation Resources RFP-EPC" event, Respondent will be provided with the virtual site webinar information and registration via the Q&A Board of the respective event. Respondent can also submit a private communication to PNM's Supply Chain Sourcing Team via the "Ask a Question" option in the Q&A Board of the RFP event to request access to the web-conference. Webinar registration instructions will be provided to all registered participants prior to the web-conference via the RFP event.

Date: **Monday, November 21, 2022**

Time: **2:00 PM – 3:30 PM, Mountain Time**

7.4 EPC SITE INSPECTION

In addition to these site visits, any supplemental information provided by the EPC Support Team, and examination of the Bid Documents, each Respondent will be solely responsible for conducting such due diligence as it deems necessary or desirable to be fully informed as to the existing and expected job site and off-site conditions and matters that might in any way affect the cost and/or the performance and completion of the Work. Any failure by Respondent to fully investigate the job site and complete its due diligence as to job site conditions will not relieve Respondent from responsibility for estimating properly the difficulty or cost of successfully performing and completing the Work.

In addition, prior to submitting its Proposal, Respondent must familiarize itself with local conditions that could affect or impact the Work in any manner whatsoever, and all requirements of applicable permits, licenses, laws, codes, rules, regulations, ordinances, statutes, labor policies, zoning, and local transportation issues. All communications with any local authorities must be coordinated through PNM.

7.5 OWNERSHIP OF BID DOCUMENTS

The Bid Documents are confidential, are the property of PNM, and are only for the purpose of Respondents' preparing and submitting a Proposal in response to this RFP. Per the RFP event NDA between Respondent and PNM, no information contained or referred to in the Bid Documents may be disclosed or released except as agreed to by PNM.

7.6 PNM RESERVATION OF RIGHTS AND DISCLAIMERS

Nothing in this RFP constitutes an offer or acceptance by PNM, and PNM hereby disclaims any intent for this RFP to constitute a binding contract between PNM and any Respondent. PNM may, and expressly reserves the right to, at any time, and from time-to-time, without prior notice and without providing an explanation or reason therefor:

- Modify, suspend or withdraw this RFP;
- Establish a minimum and/or maximum amount of energy or capacity to be acquired under any Proposal or combination of Proposals;
- Accept or reject any or all Proposals;
- Reject incomplete or unclear Proposals or contact Respondents for purposes of Proposal clarification;
- Request changes to any Proposal, scope or general offering as may be desired by PNM or as may be necessary based on regulatory requirements;
- Determine, in its sole discretion, the value to PNM and its customers of any or all Proposals;
- Negotiate with a Respondent or Respondents after submission of a Proposal;
- Negotiate with only those Respondents whose Proposals, as PNM determines in its sole discretion, have a reasonable likelihood of being executed;
- Enter into an Agreement at any time with a Respondent who, in the opinion of PNM, will provide the most value to PNM customers;
- Contract with Respondent(s) other than the lowest price Respondent or with other than the Respondent evidencing the greatest technical ability, if PNM determines that to do so would result in the greatest value to PNM customers;

- Decline to enter into an Agreement with any Respondent and terminate negotiations with any Respondent, at any time during the process; and
- Pursue any and all other resource options available to it in the event negotiations with a Respondent or Respondents do not produce a final and fully executed Agreement satisfactory to PNM and authorized by the Commission, without material changes, for inclusion in PNM's resource portfolio.

By way of example and not limitation, PNM may reject any Proposal that it determines, in its sole discretion:

- Does not meet the minimum requirements set forth in the RFP; or
- Does not include all required elements under Commission Rule 572; or
- Does not provide required information in a manner that allows effective evaluation; or
- Is not economically competitive with other Proposals or, when evaluated in combination with other selected Proposals, does not meet PNM's requirements for energy, capacity and reliable generation by the proposed Guaranteed Start Date.

Those Respondents who submit Proposals do so without legal recourse against PNM, PNM's parent company or affiliates, and the directors, management, employees, agents or contractors of any of them, due to (1) PNM's rejection, in whole or in part, of the Respondent's Proposal; (2) PNM's rejection, modification, delay or withdrawal, in whole or in part, of this RFP; (3) failure to execute any Agreement; and (4) any other reason arising out of this RFP. PNM will not be liable to any Respondent or to any other party, in law or equity, for any reason whatsoever relating to PNM's acts or omissions arising out of or in connection with the RFP process.

Respondent will be liable for all of its costs, and PNM will not be responsible for any of Respondent's costs, incurred to prepare, submit, or negotiate its Proposal, a definitive Agreement or any other activity related thereto.

PART 8 – BID EVALUATION AND CRITERIA

8.1 CLARIFICATION OF PROPOSALS

PNM may request clarification or additional information during the RFP evaluation process about one or more items in a Respondent's Proposal. Such requests will be sent via the respective RFP module Q&A Board to Respondents, who will be required to provide an electronic response within five (5) business days, or PNM may deem the Respondent to be non-responsive and either suspend or terminate evaluation of the Proposal. Respondents may provide an alternate point of contact to ensure a timely response to clarification questions.

8.2 EVALUATION OF PROPOSALS

The objective of this RFP is to identify and procure resources that can provide new, incremental energy and capacity, comply with the required Guaranteed Start Dates and, when combined with the existing PNM generation portfolio, support overall reliability of system service and result in a portfolio of generating resources capable of meeting capacity and energy needs of PNM's customers at a low cost. The objective of the evaluation is to fairly and competitively select those projects that bring the most value to PNM's customers while, consistent with the objectives of the PUA, the REA, and NMPRC Rule 17.7.3 of the NMAC (the "IRP Rule"), preferring resources with the least environmental impacts, those that maximize employment of New Mexico work force including minority and woman-owned

businesses, and those that utilize apprentices for the project construction. In addition to the evaluation of individual Proposals as described below, PNM will conduct an evaluation of the overall portfolio of resources.

8.2.1 Phase One Evaluation

The evaluation will be conducted in three phases with "Phase One" being an initial screening of the Proposals for compliance with the RFP minimum requirements (See, e.g., Part 5 and Part 6), for compliance with the Proposal Prerequisites (See Section 1.4), for compliance with the Supplier Risk Security Screening Questions (See Section 3.6), and for proof of an executable plan supporting the proposed Guaranteed Start Date. The Phase One screening process will be performed for each Proposal to determine if all required information has been provided and minimum requirements satisfied. Material deficiencies may disqualify a Proposal from further consideration, and the Respondent will be notified in such event. PNM may reject incomplete or unclear Proposals from further consideration or contact Respondents for clarification, pursuant to Section 8.1 of this RFP.

8.2.2 Phase Two Evaluation

Proposals that have provided the required data and satisfied the minimum Proposal and schedule requirements will be passed to "Phase Two" of the evaluation. Phase Two of the evaluation will focus primarily on price and deliverability, including consideration of pricing factors associated with each Proposal, the overall viability of the Proposal with respect to its ability to achieve commercial operation by the required Guaranteed Start Date, and overall compliance with the objectives of NMSA 1978, Section 62-13-16, the REA, and the IRP Rule. Both price and non-price criteria for each Proposal will be summarized and evaluated. Proposals will be ranked on a total evaluated delivered cost of energy and total evaluated delivered cost of capacity basis with non-price evaluation factors considered in establishing a "short-list" of Proposals. Respondents must include sufficient detail for PNM to be able to evaluate all costs associated with the Proposal(s). Price and non-price evaluation factors considered in the establishment of a short-list are summarized below.

If available in response to the RFP, a sufficient quantity of "best-in-class" Proposals of each proposed technology will be carried into the selected short-list for each of the requested Guaranteed Start Dates to fulfill the RFP needs identified herein. These short-listed projects will be carried into more detailed system portfolio modeling in "Phase Three" of the evaluation.

8.2.2.1 Price Evaluation Process. PNM will rank all Proposals from a cost standpoint. The price screening consists of measuring each Proposal's total delivered cost of energy, including:

A. Capital costs and/or capacity costs;

B. Fixed operation and maintenance costs;

C. Variable production costs;

D. Fuel and water costs;

E. Transmission costs, including third party wheeling;

F. Operational costs, including system regulation requirements as a result of the project;

G. Other system benefits (including accounting for availability of RECs) or costs (including impact to system losses);

H. Opportunities for marketing of excess energy;

I. Any additional costs that are required, but not provided for in the Proposal; and

J. Financial implications of accounting and tax treatment.

In Phase Two, Proposals will be ranked on the basis of minimizing the total evaluated delivered cost of energy and capacity (i.e. total cost impact) from the resource. Proposals with a low total cost impact on the PNM system will receive a higher score than Proposals with a high total cost impact.

8.2.2.2 Non-Price Evaluation Process. The following non-price factors will be given consideration in the Phase Two evaluation process. These factors are established as a measure of the viability of the project and the Respondent's ability to deliver the project, as proposed.

A. Project viability including:

a) Project development and permitting status, including any potential for delay as the result of a Respondent's need for regulatory actions or approvals or for permitting, land acquisition, licensing, transmission interconnection, or transmission service;

b) Commercial viability, maintainability, and maturity of technology proposed at the scale quoted;

c) Detailed project critical path schedule identifying all important development elements, environmental permit milestones and their timing;

d) Respondent's experience with technology and contract structure proposed; and

e) Viability of performance and capacity quoted.

B. Contribution to PNM's overall system reliability. (i.e. the project's operational control or lack thereof and its effect on PNM's reliability metrics);

C. Project Employment plan – measuring Respondent's intention for employment of local, New Mexico work force, minority and woman-owned businesses, and apprentices for the construction of the facilities;

D. Environmental and siting plan – An assessment of the emissions profile, environmental footprint and overall environmental feasibility for each project, site, access, permits, and all necessary right of ways; and

E. Respondent's OSHA Safety records.

At the end of Phase Two, a short-list of projects will be determined, at which time Respondents may be requested to supply additional information. Unsuccessful Respondents will be notified at the end of the Phase Two assessment that their Proposals will not be considered further. Successful Respondents will be notified via the Q&A of the RFP event that they have passed to Phase Three of the process, whereupon additional evaluation will be conducted and the preferred resources identified.

8.2.3 Phase Three Evaluation

Short-listed Proposals will undergo further assessment in the Phase Three evaluation. The Phase Three evaluation will involve portfolio system modeling, more in-depth assessment of the pricing factors noted above, additional due diligence assessment of the ability to achieve

the project schedule, as well as comparison and ranking of additional non-price factors. All factors will be ranked in a Proposal ranking matrix to assist in the final selection of Proposals. The results of the ranking matrix will be considered in conjunction with portfolio economics and system reliability evaluation results from the system portfolio modeling analyses. From the final set of short-listed Proposals, PNM will select the preferred alternative or combination of alternatives and will pursue negotiations to secure resources. Provided the parties successfully negotiate an Agreement for the project, PNM will then make appropriate filings seeking approval from the Commission based on the negotiated terms of the Agreement(s).

8.2.3.1 Non-Price Evaluation Process. In addition to the non-price evaluation factors identified in the Phase Two evaluation, the additional factors reviewed in the Phase Three evaluation and the Proposal ranking matrix will include the following:

A. Commercial / contract compliance including:

   a) Degree of acceptance of PNM's commercial terms; and

   b) Product and equipment warranty protections.

B. Respondent characteristics including

   a) Creditworthiness;

   b) Ownership structure and operating history;

   c) Health and safety history (see Section 8.3.2 below);

   d) Environmental record/history; and

   e) Financing plan/structure.

C. Environmental considerations including:

   a) A Respondent's environmental management system, (i.e., how the Respondent handles the environmental risk and recycling of project materials associated with its operations and the extent Respondent has developed and implemented an environmental management system).

D. Project design plan / characteristics including:

   a) Operational flexibility characteristics of the proposed resource and its ability to support CAISO EIM participation (start times, ramp rates, frequency response, minimum down-times / up-times, allowable start frequency, etc.). In particular, if proposing a PPA, limitations on or financial consequences of curtailments, maintenance scheduling, or operational parameters as well as identified opportunities associated with economic curtailments in response to EIM market valuations will be evaluated;

   b) Operations and maintenance plan for the project; and

   c) Preliminary engineering study describing the generation technology, emission control equipment and fresh water usage.

E. Electrical interconnection plan / transmission system benefits including:

   a) Assessment of Respondent's transmission capability/deliverability analysis to deliver power to PNM's load center and how

Respondent proposes to address potential transmission constraints; and

b) Benefits to PNM's electrical transmission system (locational, capital deferral, reliability, etc.).

F. Community / stakeholder considerations including:

a) Assessment of community and stakeholder engagement implemented by the Respondent.

Further to item 8.2.3.1 D.a) above regarding EIM participation, PNM assesses resource requirements for serving its retail customers safely and reliably at lowest reasonable costs. PNM's obligation is to complete this evaluation without leaning on potentially speculative wholesale market transactions including the EIM. However, as joining the EIM is anticipated to provide significant benefits to PNM customers, after resource adequate, low cost portfolios have been identified, PNM will evaluate the potential for wholesale market benefits and can use this information to distinguish between portfolios that perform similarly prior to the wholesale market evaluation. For example, if two portfolios are resource adequate, (near) equivalent in cost and have similar environmental benefits, PNM would then prefer the portfolio that could provide the greater wholesale market benefits, knowing that if those do not materialize, its customers are not worse off. This rationale is similar in logic to 17.3.6 NMAC which provides that when costs and service quality are equivalent, the utility should prefer resources that minimize environmental impacts.

8.3 CONTRACTUAL CONSIDERATIONS

8.3.1 Small Business Plans

PNM promotes and encourages diversity in project sourcing and encourages all Respondent's to maximize the use of small businesses, veteran-owned small businesses, service-disabled veteran-owned small businesses, HUBZone small businesses, small, disadvantaged businesses, and women-owned small business concerns to the greatest extent practical.

8.3.2 Contractor Safety Prequalification Program

PNM has implemented a contractor prequalification process as part of its effort to continuously improve in the areas of health, safety, risk, and finance. EPC or BT Respondents who are finalists of this RFP will be required to register with ISNetworld (ISN) auditing at:

https://www.isnetworld.com

and obtain a passing safety grade prior to final award of an Agreement. PNM will notify all finalists and allow reasonable time for the registration process. Respondent is responsible for any costs associated with registration.

8.3.3 Insurance

The successful Respondent will be required to maintain, at a minimum, standard insurance coverages for Workers' Compensation; Commercial General, Employer's and Automobile liability; an Umbrella excess liability; and Cyber insurance coverage. Respondents are requested to provide evidence and level of coverage of such insurance for bidding purposes in the Proposal. Specific insurance requirements of PNM and lender's will be addressed as part of the evaluation and negotiation of the Agreement.

8.3.4 Commercial Terms and Conditions

All Proposals will represent a firm offer to contract on the terms and conditions included as Appendices to this RFP. Each representation of fact and promise of future performance within a Proposal will be incorporated into the Agreement as a warranty or covenant. Any statement of fact or promise of future performance that is not intended by the Respondent as a warranty or covenant should be clearly identified.

8.4 AWARD

PNM reserves the right to reject any and all Proposals and will inform unsuccessful Respondents upon rejection of their Proposals. Prior to PNM's bid award, PNM may have discussions with Respondents whose Proposals are under consideration. Respondents may be required to travel to PNM's office or other locations for further discussions.

Negotiations arising out of the Proposals may be conducted with any or all Respondents, at PNM's sole discretion. Following the award of the Proposal, winning Respondents will be expected to enter into an Agreement addressing commercial terms and conditions. PNM will have no obligation to accept any Proposal submitted pursuant to this RFP. Whether, and on what terms, any Proposal is accepted is within PNM's sole discretion.

A Proposal will be deemed formally accepted only if and when the Agreement has been executed by a Respondent and delivered to PNM, and PNM has signed it. The effectiveness of any Agreement will be subject to certain conditions precedent, including Commission authorization. Until such conditions precedent are satisfied, none of PNM, its parent company, its subsidiaries or its other affiliates will have any obligation to any Respondent with respect to a proposed project, and following such time, the only obligations of PNM will be those set forth in the Agreement. By submitting a Proposal, each Respondent agrees that PNM (i) is under no obligation to consider or accept any Proposals made, (ii) will not be liable to any Respondent for the selection of one Proposal in lieu of another Proposal or combination of Proposals and (iii) will not be liable for any costs incurred by any Respondent in connection with this RFP process. By submitting a Proposal, each Respondent agrees to the terms of these Instructions to Bidders and acknowledges that Respondent is relying solely upon its own independent investigation and evaluation of its proposed project.

Proposal Evaluation Methodology

PNM Exhibit RWN-5

Is contained in the following 33 pages.

2026-2028 Generation Resources RFP

Proposal Evaluation Methodology

Revision 0

January 11, 2023

TABLE OF CONTENTS

ATTACHMENTS

EXECUTIVE SUMMARY

Public Service Company of New Mexico ("PNM"), a wholly owned subsidiary of PNM Resources, Inc., issued a request for proposals ("RFP") entitled the PNM 2026-2028 Generation Resources RFP (the "2026-2028 RFP") on November 3, 2022. The 2026-2028 RFP was issued for the purpose of acquiring reliable, cost-effective resources consistent with the direction set forth in PNM's 2020 Integrated Resource Plan. The RFP targeted the acquisition of firm capacity for PNM's New Mexico portfolio of up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028. The exact quantity of resources selected and the timing of implementation of the resources will be dependent upon resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028.

Responses to the RFP ("Proposals" or "Bids") by qualified bidders ("Bidders") are due on January 12, 2023 for resources offered by May 1, 2026 and on February 1, 2023 for resources offered by May 1, 2027 or May 1, 2028. To perform the evaluation of Proposals, PNM has compiled a team of personnel ("RFP Administration Team") consisting of personnel from PNM's Supply Chain Sourcing, Generation, Regulatory, and Financial Modeling Teams with support from numerous other internal subject matter experts ("SMEs"). Aion Energy LLC ("Aion") has also been engaged as a consultant for RFP administration support. The RFP Administration Team will not be involved in the definition or establishment of EPC technical Bid requirements or associated existing site conditions.

In parallel, a team ("the EPC Support Team") has been established to be responsible for providing all existing site technical information, developing the specifications (the "Technical Specifications") appended to the RFP, resolving EPC technical bid clarifications, technical review of EPC Bids, and support of the Bid evaluation process. HDR Engineering, Inc. ("HDR") has been engaged as a participant on the EPC Support Team as an Owner's engineer. The EPC Support Team will not be involved in or be aware of any non-EPC Bids received in response to the RFP process. An Independent Evaluator, Bates White Economic Consulting, has also been engaged to ensure there is no favoritism in the evaluation of Proposals and to maintain an impartial and unbiased position in relation to all RFP participants, stakeholders, and other interested parties.

PNM is anticipating a wide variety of Proposals to be submitted in response to the 2026-2028 RFP, including various technologies and contracting approaches. Upon receipt of Proposals, evaluation will begin immediately.

The evaluation of Proposals will progress in phases with the evaluation of Proposals for a 2026 Guaranteed Start Date ("GSD") taking priority and the evaluation of Proposals for a 2027 or 2028 GSD following. A separate, and phased evaluation will be performed for resources contributing to each, independent GSD as follows:

- Phase 1 – Initial Screening – Consisting of a completeness review, initial Bidder questions and clarifications, review of associated responses, review for compliance with law, and a comparative assessment of overall viability. Phase 1 will result in a screening-out of Proposals

that do not comply with (i) the Proposal Prerequisites in Section 1.4 of the RFP Instructions to Bidders, (ii) the Supplier Risk Security Screening Questions issued with the RFP, (iii) the Contractors Licensing requirements associated with EPC and BT Proposals and (iv) other minimum resource requirements as identified in Sections 4, 5 and 6 of the RFP Instructions to Bidders.

- Phase 2 – Establishment of a Proposal Shortlist – Following the initial screen, Proposals will be evaluated in more detail including PNM SME feedback, lifecycle financial analysis, total evaluated delivered cost, viability of delivering the project within the proposed timeline, and additional information based on Bidder clarifications and exceptions. Resources will be evaluated in Phase 2 utilizing a weighted scoring matrix to identify advantageous solutions for PNM's customers. The culmination of Phase 2 will be the establishment of a Proposal shortlist consisting of the "best-in-class" Proposals of each technology offered in response to the RFP. A separate shortlist of projects located on Navajo Nation lands and a shortlist of projects located within the Central Consolidated School District in San Juan County will also be prepared. Each shortlist will only contain projects that have passed the Phase 1 evaluation and otherwise comply with the requirements of the RFP.
- Phase 3 – Shortlist Evaluation and Negotiations – The shortlisted Proposals will be subject to additional review and evaluation, portfolio modeling, and financial analysis. Based on the Phase 3 evaluation, negotiations may advance with one or more Bidders, leading to potential selection.

PNM and its consultants have established a number of processes and tools to support the evaluation of Proposals in a fair and transparent manner including, but not limited to, the following:

- Comparative assessment matrix and financial analysis tools;
- A scoring matrix considering price and non-price factors for the evaluation of resources, as applicable in both Phase 2 and Phase 3 of the evaluation;
- Portfolio optimization models consistent with resource planning procedures and industry usage;
- Clear roles and responsibilities and communications protocols for the 2026-2028 RFP process; and
- A robust and impartial evaluation methodology focused on value for PNM customers.

The RFP administration and evaluation process will be conducted in compliance with New Mexico statutory and regulatory supply resource procurement requirements and guidelines, including compliance with NMSA 1978, Section 62-13-16 and the Renewable Energy Act ("REA").

Selection of one or more Proposals for a May 1, 2026 GSD is targeted by the first quarter of 2023 with selection of Proposals for a May 1, 2027 or May 1, 2028 GSD targeted for the third or fourth quarter of 2023. The evaluation of Proposals will be completed based on the best available information at the time of the evaluation.

1 2026-2028 GENERATION RESOURCES RFP

Public Service Company of New Mexico ("PNM"), a wholly owned subsidiary of PNM Resources, Inc., issued a request for proposals ("RFP") entitled the PNM 2026-2028 Generation Resources RFP (the "2026-2028 RFP") on November 3, 2022 for the supply of firm capacity for PNM's New Mexico portfolio of up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028. The exact quantity of resources selected and the timing of implementation of the resources will be dependent upon the Proposals received, associated resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts and is subject to New Mexico Public Regulation Commission ("Commission") approval.

Bidders are required to submit complete proposals (each a "Proposal") by January 12, 2023 for resources offered by May 1, 2026 and on February 1, 2023 for resources offered by May 1, 2027 or May 1, 2028. The Proposal due date for the May 1, 2026 offers was extended from an original due date of January 5, 2023 due to RFP clarifications issued in December 2022. The 2026-2028 RFP was initially announced on November 3, 2022 via press release and Bidders were invited to complete a non-disclosure agreement and participate in a pre-bid conference held on November 21, 2022.

In contrast to prior PNM RFPs and due to current market conditions, the 2026-2028 RFP is focused on obtaining resource options that can comply with a guaranteed start date (in lieu of an expected commercial operation date) of either May 1, 2026, May 1, 2027, or May 1, 2028. Furthermore, the 2026-2028 RFP is focused on obtaining resource options that support PNM's transition to a zero-carbon energy future by 2040 while fulfilling PNM's obligation to serve its customers with reliable, low cost energy, in an environmentally responsible manner. While no resource type or project ownership structure was specifically requested, preferred, or excluded by PNM in the RFP, locational preferences for resources located on the Navajo Nation and in the Central Consolidated School District ("CCSD") in San Juan County were identified.

The 2026-2028 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM anticipates evaluating Proposals for renewable, storage, thermal, and demand-side resources as well as combinations of each. Additionally, PNM expects to evaluate resources delivered under:

- Power purchase agreements ("PPAs");
- Energy storage agreements ("ESAs");
- Build-transfer ("BT") agreements;
- Asset purchase agreements ("APA");
- Engineer, procure, construct ("EPC") projects at PNM sites;
- Demand-side resource ("DSR") products; and
- Other contracting structures conforming with the requirements of the 2026-2028 RFP.

From the time the 2026-2028 RFP was released leading up to the submittal of Proposals ("Proposal Development Cycle"), there has been a Bidder pre-bid web-based conference, a virtual EPC Bidder site overview, and Bidder questions and responses. Once Proposals are received, a phased evaluation will begin. The purpose of this report is to summarize the Proposal evaluation approach and methodology

including roles and responsibilities, activities within each evaluation phase, and basis of evaluation tools and work products.

PNM retained Aion Energy LLC ("Aion") to serve as a consultant in support of the RFP administration. PNM has also engaged other outside consultants to support the process including HDR Engineering, Inc. ("HDR") as a participant on the EPC Support Team as their Owner's engineer for the 2026-2028 RFP process.

2 Evaluation Methodology and Timing

Consistent with 2026-2028 RFP Section 8, the evaluation of Proposals will progress in a phased approach, as follows:

- Phase 1 – Initial Screening of Proposals;
- Phase 2 – Detailed Review and Establishment of a Shortlist; and
- Phase 3 – Shortlist Evaluation, Negotiations and Selection.

The evaluation of Proposals will begin with a completeness review and development of a side-by-side Proposal comparison during Phase 1; advance to detailed assessment and review in Phase 2, including initial lifecycle cost modeling in order to establish a Proposal shortlist consisting of the "best-in-class" Proposals of each technology offered in response to the RFP; and finish with the shortlist evaluation including portfolio modeling, negotiations, and the potential selection of one or more Proposals in Phase 3.

Due to the abbreviated timeline allocated for the 2026 resource bid evaluation, it is noted that aspects of the Phase 1 and Phase 2 evaluations may be combined to expedite the evaluation.

The phased evaluation approach is structured to advance the evaluation in an efficient yet thorough manner. Throughout the process, PNM and its consultants are committed to conducting a fair, un-biased, and market-informed evaluation.

Additional detail regarding the phases of the Proposal evaluation is provided in Section 4.

Proposals are due on January 12, 2023 for resources quoted with a May 1, 2026 GSD and February 1, 2023 for resources quoted with a May 1, 2027 or May 1, 2028 GSD. The evaluation will begin immediately upon receipt of Proposals. PNM is targeting the completion of the 2026-2028 RFP Proposal evaluation by the first quarter of 2023 for resources quoted for the May 1, 2026 GSD and by the third or fourth quarter of 2023 for resources quoted for the May 1, 2027 or May 1, 2028 GSD with contract negotiations immediately following. A 2026-2028 RFP process overview schedule is included as Attachment A (subject to refinement by PNM).

3 Roles, Responsibilities, and Communications

Section 1.4 of the 2026-2028 RFP provides an overview of the roles and responsibilities of 2026-2028 RFP participants as well as RFP governance responsibilities. Subsequent to the RFP issuance, PNM

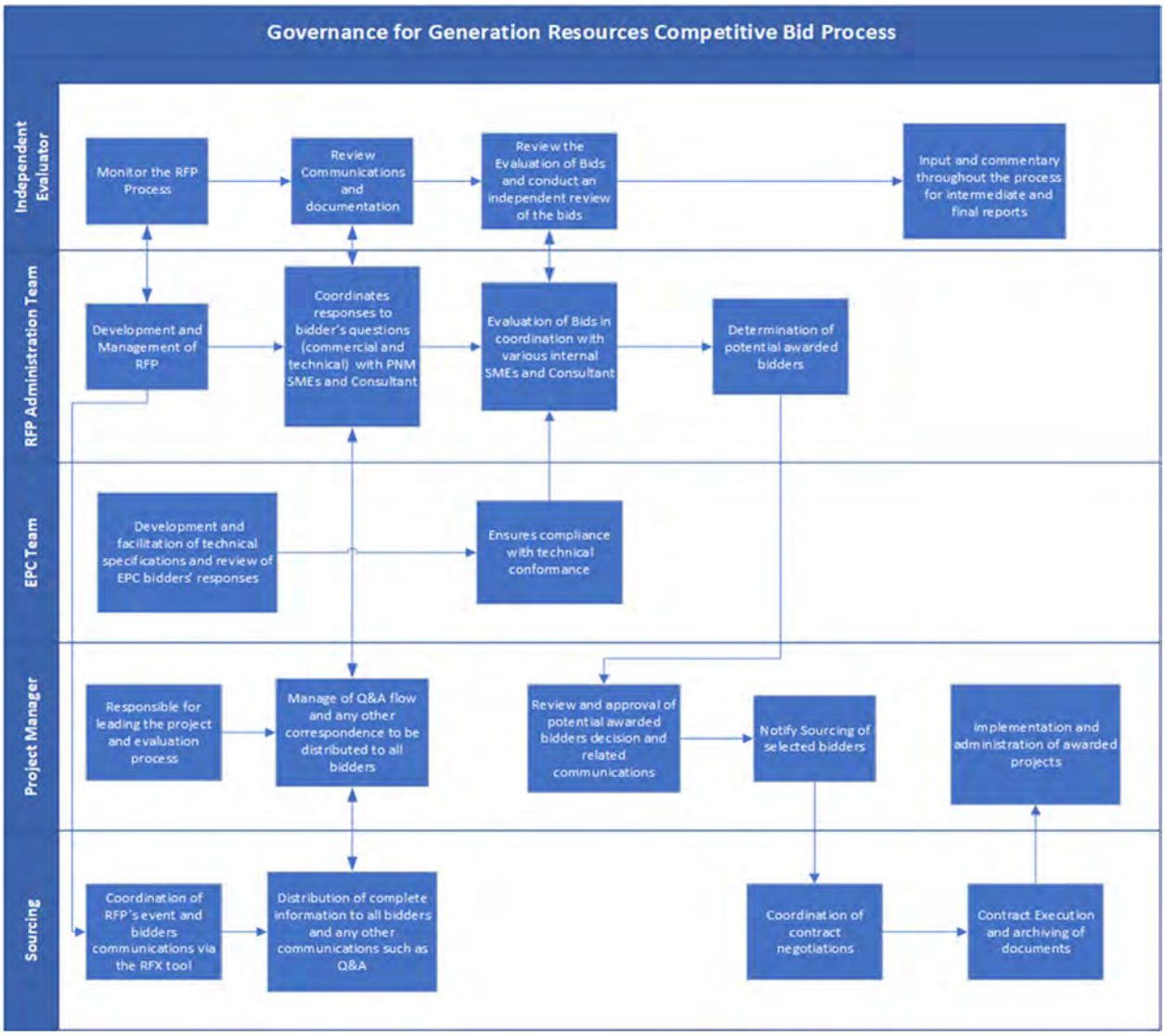
engaged Bates White Economic Consulting as an independent evaluator ("Independent Evaluator"); additional detail specific to the role of the Independent Evaluator and the communications protocols established for the duration of the RFP process is provided in this Section.

3.1 Roles and Responsibilities

The following entities will be involved during the Proposal Development Cycle and the evaluation of Proposals:

- The RFP Administration Team;
- EPC Support Team;
- Project Manager;
- PNM subject matter experts ("SME's");
- PNM's Supply Chain Sourcing Team;
- The Independent Evaluator; and
- Other supporting entities, as required.

A matrix outlining the roles and responsibilities for the RFP participants is as follows:



3.1.1 Role of the RFP Administration Team

The RFP Administration Team is responsible for administering the RFP process including development and release of the RFP, coordination during the Proposal Development Cycle, and the evaluation of Proposals (with support from the EPC Support Team, PNM SMEs, and other consultants). Aion is engaged as part of the RFP Administration Team and will provide Proposal conformance, market-based reviews, and price and scope conformance analysis throughout the process.

PNM's Supply Chain Sourcing Team is the main point of contact for Bidders during the Proposal Development Cycle and the Proposal evaluation, and all correspondence is via PNM Sourcing's public site accessed at:

https://bids.sciquest.com/apps/Router/PublicEvent?CustomerOrg=PNMResources

The RFP Administration Team will archive process communications, archive Proposals, and complete summary reporting for each phase of the Proposal evaluation.

The RFP Administration team is not involved in the definition of technical requirements or site-specific criteria applicable to EPC proposals.

3.1.2 Role of the EPC Support Team

Throughout the RFP process, technical communications and coordination with Bidders submitting EPC Proposals will be managed separately from the RFP Administration Team. PNM has assigned an EPC Support Team to coordinate with and respond to Bidders offering EPC Proposals. The EPC Support Team consists of representatives from PNM's Generation Engineering Team along with their consultant, HDR.

The EPC Support Team is responsible for the development of the technical specifications (the "Technical Specifications") appended to the RFP, technical facilitation, and technical evaluation of EPC Bidders' responses to the RFP. The EPC Support Team will provide its technical evaluation results to the RFP Administration Team for incorporation into the overall Bid evaluation process. The EPC Team will not be provided access to third-party Bids unless required to validate such Bid's compliance with the Technical Specifications issued with the RFP (e.g. a B-T Bid). Under this situation, access will be limited to only the technical data required to validate such compliance. Apart from EPC Proposal evaluations and third-party technical compliance reviews, the EPC Team will not participate in the overall Bid evaluation and Proposal selection process performed by the RFP Administration Team.

As with the RFP Administration Team, PNM's Supply Chain Sourcing Team, will be the main point of contact for EPC Bidders.

3.1.3 Role of the Project Manager

PNM's Project Manager will be responsible for leading the project and the Bid evaluation process. The Project Manager will be responsible for management of the communications flow with Bidders as well as the review and approval of the selected Proposals and will coordinate the implementation and administration of the RFP and awarded projects throughout the duration of the RFP process.

3.1.4 Role of PNM Staff

PNM SME's will provide input to the RFP Administration Team during the Proposal Development Cycle and throughout the evaluation of Proposals. PNM staff supporting the 2026-2028 RFP process will include, but not be limited to the following:

- Generation;
- Wholesale Power Marketing;
- Environmental Services;
- Resource Planning;
- Energy Efficiency;
- Electric Transmission Planning;
- Natural Gas Transmission;
- Legal and Sourcing;
- Tax, Insurance, Accounting, Financial Planning;
- Regulatory; and
- Business Technology.

Other PNM functions as well as additional outside consultants may support the 2026-2028 RFP process, as required.

3.1.5 Role of the Independent Evaluator

The Independent Evaluator will monitor the RFP process, review RFP communications and documentation, review the evaluation methodology, and conduct an independent review of the Bids received. The Independent Evaluator will provide input and commentary throughout the process and will be responsible for intermediate and final reports on the reasonableness, competitiveness, and fairness of the process. The role of the Independent Evaluator is to ensure that the RFP process avoids favoritism in the evaluation of Proposals and is designed to identify PNM's best options to meet its service needs in compliance with applicable law.

3.2 Communications Protocols

PNM's Supply Chain Sourcing team will be the Bidders' point of contact for RFP communications during the Proposal Development Cycle and during the Proposal evaluation. Bidders have been directed to provide all communications through PNM's public sourcing site. All such incoming communications and all outgoing communications to the Bidders from the RFP Administrator will be via either the general RFP Event intended for market-based Bids (e.g. PPA, ESA, BT, or APA) or the EPC Event within the public sourcing site. All communications will be directed to the RFP Administration Team and/or the EPC Support Team, as appropriate, and will be archived accordingly. The RFP Administration Team will coordinate with team participants, as directed by the Project Manager, to provide responses to Bidder questions and clarifications, facilitate SME reviews, and establish a Proposal shortlist at the conclusion of Phase 2 of the Proposal evaluation.

4 Summary of Proposal Evaluation Tools

4.1 Evaluation Tools

As noted, the evaluation of Proposals will progress in phases utilizing inputs from various PNM and external functions as well as various analysis tools throughout. This Section provides an overview of the various tools that will support the evaluation of Proposals. Each of the tools discussed in this section feeds into the evaluation.

4.1.1 Bid Comparison Template

A Bid comparison template will be utilized to tabulate key Proposal parameters for all Proposals received. The Bid comparison template will be utilized during the initial stages of the Proposal evaluation in order to identify any missing information, identify outlier Proposals, and to initially summarize Proposal price and non-price factors for the purposes of Bid selection. The Bid comparison template includes the following for each project, as applicable:

- Bidder and Proposal information including anonymous Bidder identifier, project location, resource type, contracting structure, in-service date, term, etc.;

- Bidder's degree of conformance with the RFP Proposal prerequisites, history of Bidder's performance with project delivery, and history of Bidder's project defaults;
- Performance parameters including output, heat rate, round trip efficiency, assumed/anticipated capacity factor/dispatch, etc.;
- Proposal pricing including as-Bid and evaluated capital costs, operating costs, PPA pricing, etc. including evaluated first-year, levelized cost of delivered energy, and levelized cost of capacity estimates;
- Key Proposal attributes and observations associated with commercial, development, and technical non-price evaluation factors including, but not limited to, the following:
    - Land acquisition/site control status;
    - Status of electrical interconnection and transmission service;
    - Fuel supply status, as applicable;
    - Carbon compliance methodology, as applicable;
    - Summary of key contract conditions;
    - Environmental permitting status; and
    - Operational capability.
- Financial analysis assumptions including escalation rates, tax treatment, payment rates;
- Estimated operating costs and Owner's costs; and
- Price forecasts for fuel, electricity, consumables, and staffing.

The format and parameters that will be documented in the bid comparison template are included in Attachment B.

The proposed Bid comparison template is focused on establishing an initial comparison of Proposals received, will be built-out as the evaluation progresses and will be used to inform ongoing evaluation activities.

The financial and technical assumptions utilized in the Bid comparison will be utilized throughout the evaluation of Proposals, with financial parameters as well as fuel and electric price forecasts based upon assumptions consistent with PNM's integrated resource planning efforts. To the extent that new forecasts become available during the bid evaluation process and there is sufficient time to integrate these into the bid selection process, these will be incorporated.

4.1.2 PNM SME Analysis

During the initial phases of the Proposal evaluation, the RFP Administration Team will solicit feedback from PNM SME's as identified in Section 3.1.4 regarding price and non-price evaluation criteria. Some of this solicited feedback may come from the Independent Evaluator via the RFP Administration Team. Specifically, feedback is anticipated to be provided for validation of proposed / estimated costs and implementation schedules as well as assessments of the following, as applicable:

- Electric transmission interconnection;
- Electric transmission network upgrades;
- Electric transmission wheeling fees and losses;
- Natural gas fuel supply interconnection;
- Natural gas fuel supply transmission service;

- Land acquisition;
- Environmental permitting; and
- Bidder creditworthiness and surety provisions.

The engagement of SMEs with detailed utility system knowledge across business functions is required to equalize Proposal considerations and promote a fair and comprehensive evaluation.

4.1.3 Shortlist Scoring Matrix

Proposals will be evaluated considering a weighted scoring matrix consisting of the following major scoring categories:

- Commercial Conditions;
- Creditworthiness;
- Team Qualifications;
- Project Engineering;
- Social, Environmental & Siting; and
- Interconnection/Performance.

The Shortlist Scoring Matrix will be utilized to refine and assess the full scope of price and non-price factors in accordance with the identified weightings and factors and to establish the shortlist of projects to be carried to the Phase 3 evaluation. The matrix will subsequently be utilized to further refine the final Proposal selection during the Phase 3 evaluation. A separate matrix is presented for the market Bid and for the EPC Bid evaluations due to the slightly different project characteristics and considerations / risks. The Shortlist Scoring Matrices are outlined in Attachment C. These matrices, in conjunction with the results of system portfolio modeling will serve as the primary bases for final Proposal selections in Phase 3 of the process.

In addition to establishing a bid ranking, the Shortlist Scoring Matrix will be utilized to develop a risk-adjusted levelized cost of energy for projects primarily contributing energy to PNM's portfolio and a risk-adjusted levelized cost of capacity for projects primarily contributing capacity to PNM's portfolio. These risk-adjusted price factors will "monetize" each Proposal's inability to achieve a perfect non-price evaluation score for evaluation factors associated with deliverability of the project. This will be achieved by assigning a dollar per non-price evaluation point shortfall based upon a comparison to the other bids in the comparative energy or capacity categories, in effect resulting in a higher cost risk adjustment for higher risk projects (with a lower non-price ranking) and a lower cost risk adjustment for lower risk projects (with a higher non-price ranking). Both the "as-evaluated" and risk-adjusted pricing will be provided to the portfolio modeling team to assess relative sensitivities to Proposal selection in the Phase 3 evaluation.

The RFP evaluation team will have a separate "best-in-class" Bid evaluation and short-list selection for generation on Navajo Nation lands as well as a separate short-list selection for projects in the CCSD in San Juan County in consideration of the just energy transition for the potential early exit of the Four Corners Power Plant. In this manner, individual Navajo and CCSD project(s) will be considered in the Phase 3 Bid evaluation as part of a complete generation portfolio.

4.1.4 System Portfolio Modeling

PNM's system portfolio modeling will be utilized, primarily in Phase 3 of the Bid evaluation process to incorporate the individual resource cost and performance information within a portfolio of resources optimization. Modeling input templates will be populated by the RFP Administration Team from the data included in the Bid comparison template and supplemented with additional, documented data, as needed for the Bids shortlisted from the Phase 2 evaluation. The EPC Support Team will provide applicable project cost, performance, operations and maintenance costs, and technical characteristic information to the RFP Administration Team for modeling of EPC Proposals. Input templates will include evaluated financial and performance parameters as required for the modeling.

The system portfolio modeling will be utilized to determine the best portfolio(s) of resources that achieves the objectives of the RFP including, but not limited to, low cost to customers (via a system net present value ("NPV") of costs analysis), system reliability (via a Loss of Load Event determination), effective load carrying capability ("ELCC"), and transition to a zero carbon future.

Modeling will be performed with both the evaluated and risk-adjusted pricing factors discussed in Section 4.1.3.

The portfolio(s) of resources will account for the following, as applicable:

- Performance of new and existing resources;
- ELCC of existing and new resources;
- Evaluated capital costs;
- Evaluated operating/PPA costs;
- PNM ratemaking revenue requirements including return on/of investment, taxes, and depreciation consistent with previous PNM filings;
- Portfolio new and existing resources for the study horizon; and
- Sensitivities will be performed for fuel pricing, load forecast, CO2 emissions, generic resource capital costs, risk adjusted levelized costs of energy and levelized costs of capacity, as well as other sensitivities warranted by the Proposals offered in response to the RFP.

The NPV cost of each portfolio will reflect total system costs/revenues over the study horizon for comparison against other portfolios of resources.

5 Evaluation Methodology Overview

The Bid evaluation process will require the implementation of methods to fairly and equally compare the Proposals in a number of areas. The following discussion provides an overview of how some of these factors will be considered and evaluated throughout the process.

5.1 Transmission System Analysis

An important element in the Bid evaluation process is to consider the full costs to the customer for each new resource selection. Transmission interconnection and network upgrade costs as well as

transmission service costs can be a significant contributor to this overall cost determination. The timelines required to implement the transmission interconnection and associated network upgrades can also be a significant challenge to the deliverability of the project. Therefore, the review will involve a thorough assessment and consideration of the costs and schedule included in each Proposal for electrical transmission interconnection, system network upgrades required to support the export of generated electricity from each site, transmission system losses, and any required wheeling fees. Information provided in each Bidder's Proposal will be assessed and clarified via Bid clarification requests.

After receipt of all available information supplied by the Bidders, PNM's Transmission Planning team will review the information submitted and provide an estimate of any required adjustments for interconnection costs, system upgrade costs, or wheeling fees as well as an estimation of the required timelines to implement these upgrades. These estimates will be based upon previous transmission studies or engineering estimates and will address costs and timing for electrical interconnection as well as transmission line and transmission system upgrades required to maintain system reliability and contingency requirements as a result of the project being added into the system.

Projects requiring significant interconnection or transmission upgrades and extended timelines required for the implementation of these upgrades that do not support the quoted GSD may be excluded from further consideration unless the Bidder can provide documentation from the transmission provider confirming that the timeline will be satisfied. Furthermore, Proposals that have not demonstrated the availability of firm transmission service or otherwise not provided a plan for firm transmission service to enable the delivery of energy to PNM's load will be excluded from further consideration.

5.2 Fuel Supply / Cost Analysis

For the natural gas fueled Proposals, the cost of delivered fuel will be based upon PNM's gas commodity forecasts utilized in the Integrated Resource Planning process. For specific sites and projects, adjustments for the specific sources of fuel and the infrastructure required to deliver the fuel to each applicable site will be incorporated. Estimates for this infrastructure will be developed from prior information received by PNM through past investigations by the PNM Wholesale Power Marketing department.

Unless a Bidder has documented or contracted fuel supplies for a proposed project, the first year, 2026 through 2028 natural gas commodity pricing, excluding any required infrastructure upgrades, for representative project locations will be assumed as shown in Table 5.2-1 for the purposes of the Phase 1 and Phase 2 evaluations. Phase 3 portfolio modeling evaluations will utilize gas commodity pricing forecasts initiating on the specific guaranteed start date quoted for each proposed resource. Pricing and infrastructure costs for additional sites and locations will be developed, as necessary, as a function of the bids received.

Table 5.2-1. First Year Fuel Commodity Price Assumptions

Site Location	2026 Commodity Price ($/MMBtu)	2027 Commodity Price ($/MMBtu)	2028 Commodity Price ($/MMBtu)
San Juan	$5.55	$5.52	$5.63
Reeves, Rio Bravo, Rio Puerco	$6.13	$6.10	$6.21
Valencia, La Luz	$5.56	$5.53	$5.64
Afton, Luna, Lordburg	$4.78	$4.70	$4.78

5.3 Total Delivered Cost Methodology

One of the primary evaluation criteria for the Bids received in response to the RFP is the total delivered cost of electricity to PNM load within WECC Path 48. As such, the following defines the methodology and costs that will be considered in estimating the total delivered cost for each of the Bids received under the RFP. For comparison purposes, a first year cost and 20 year levelized costs of both delivered energy and capacity will be developed for each of the Proposals. These costs will be utilized for initial assessment and shortlisting with portfolio modeling subsequently used for determination of resource value.

More detail on the build-up of the total delivered cost is offered below.

5.3.1 Costs Considered

Throughout all of the Bid evaluation phases, an assessment of the total delivered cost of energy and total delivered cost of capacity will be initially developed and further refined. The total delivered cost will account for, but not be limited to:

- Project capital cost;
- New Mexico Gross Receipts Tax (for EPC, BT, and ESA options);
- Project fixed and variable operations and maintenance ("O&M") costs;
- Equipment start charges, as applicable;
- Fuel supply to the project site;
- Required transmission interconnection costs;
- Required transmission system upgrade costs or wheeling fees to allow for delivery to PNM's system;
- Transmission system losses to PNM's system;

- DSR program set-up / initiation costs;
- PNM's Owner's costs for oversight and management of the contract; and
- Cost of charging energy storage devices from the grid (for stand-alone battery alternatives).

5.3.2 Capital Cost Assumptions

The capital costs utilized in the cost evaluation will generally be as provided by the Bidders for the EPC, APA, and BT Proposals. Through clarification questions and through ongoing assessment, adjustments to the quoted capital costs will be incorporated, as necessary, to account for the inclusion of New Mexico Gross Receipts Taxes, shortfalls or variations in project scope, unaccounted for interconnection and transmission system upgrade costs, as well as Owner's costs.

For PPA, DSR and ESA Proposals, it will be clarified with all Bidders that the capital costs to develop and implement the project in question are included in the proposed pricing. For factors not included, such as transmission system upgrades and Owner's costs, these costs will be added into the economic evaluation and treated as a PNM cost that would be additive to the quoted PPA or ESA pricing. The recovery of these additive costs will be incorporated as a capital cost which will be converted to a revenue requirement and applied to the associated Proposal.

Capital recovery costs for carbon-emitting resources will be determined over a project life that assumes retirement of the resource in either 2034 or 2039 unless the related Proposal includes costs and performance associated with an emissions compliance methodology that satisfies the emissions concentration requirements of Section 62-19-10(D) of the New Mexico Public Utility Act. Those Proposals including a future emissions compliance methodology (such as a fuel conversion) may alternatively be evaluated with the incorporation of the associated capital costs and adjustments to fuel and operations and maintenance costs after the date of the assumed project modification. To support this evaluation, and per the applicable sections of the RFP, Respondents have been requested to clearly define the terms and conditions, pricing, emissions, and performance for the generating resource as well as for the sourcing and quantities of available alternative fuels, if applicable, over the proposed term. If a fuel conversion is proposed, Respondents are requested to provide an estimate of such fuel conversion and delivered fuel costs with the Proposal with such costs to be later confirmed. Lacking this information, the evaluation team will solely evaluate the resource based upon the resource characteristics and quoted life without implementation of the future emissions compliance methodology.

5.3.3 Dispatch Assumptions

As a basis of initial evaluation, and as stated in the RFP Instructions to Bidders and Technical Specifications, the evaluated dispatch for each of the generation technologies will be as follows . These initial dispatch assumptions will remain applicable in the case that the resources are paired in a hybrid configuration with the accounting for any efficiency losses associated with a paired resource.

- Solar and Wind Renewables – dispatched as a function of the energy resource, unconstrained with annual generation forecast as provided by the Bidder;

- Energy Storage – modeled as one full charge/discharge cycle per day, or 365 full cycles per year with consideration of other quantities of cycles as proposed by the Bidder;
- Demand-Side Resources – modeled in accordance with the type of DSR and availability of such DSR as proposed by the Bidder;
- Natural Gas Flexible Resources – modeled with 1,500 operating hours per year (17.1 percent capacity factor) and 400 starts per year; and
- Other Resources – modeled consistent with the proposal characteristics, market trends, and integrated resource planning expectations.

It is noted that the above dispatch assumptions will be utilized for the initial Phase 1 and Phase 2 economic evaluation of stand-alone generation resources. As the evaluation progresses into the more detailed system portfolio modeling, the dispatch and associated operation and maintenance costs will be determined within capacity expansion and production cost modeling on the basis of economic dispatch of the resources modeled.

5.3.4 Operations and Maintenance Cost Assumptions

To compare the cost of generation across various Bid types, the Bid evaluation team will develop representative annual O&M costs. It is assumed that PPA, ESA, and DSR Bids will already include O&M costs in their contract price, but EPC, APA, and build-transfer Bids will require the development of O&M costs because those projects would be turned over to PNM for ongoing operation and maintenance. O&M costs for EPC and build-transfer Proposals will be developed by the EPC Support Team and evaluated by the RFP Administration Team for completeness as further described below.

The O&M costs will be divided into fixed and variable O&M costs. The fixed O&M costs will be defined to include project staffing, fixed costs associated with any major equipment long term service agreement(s) ("LTSA"), battery capacity maintenance costs, project insurances, site maintenance costs, and other balance of plant fixed operating costs. The staffing estimates will be based upon traditional PNM staffing methodologies considering the fact that there would be some level of remote operation of the sites from existing PNM operations centers, and considering the fact that the addition of new units to existing PNM sites would be advantaged by the presence of existing operations staff at the project sites.

Variable O&M costs are related to consumable and commodity costs determined as a function of the operating hours of the facility. Variable O&M costs are expected to include any applicable water consumption, waste water treatment costs, chemical consumption, ammonia consumption for NOx emissions control, and variable long term service agreement costs associated with operating hours or quantity of starts for the major equipment. It is expected that the Bid evaluation will utilize variable O&M costs for natural gas fueled technologies from prior LTSA quotes, thus depending upon comparable and defendable market-based quotations.

5.3.5 Transmission Costs

In addition to consideration of transmission system and interconnection capital costs, the Bid evaluation will also consider transmission losses and wheeling fees associated with long-distance delivery alternatives or delivery via multiple transmission system providers. As an example, for projects located outside the counties directly surrounding Bernalillo County, a five (5) percent loss allowance will be considered to account for delivery to the Albuquerque load center. For projects located in San Juan and Rio Arriba counties, a four (4) percent loss allowance will be considered due to significant wind energy counterflow within the system. If not included in the Bidder's Proposal, other appropriate allowances will be included, as appropriate, for significant generation tie line lengths and open access transmission tariff ("OATT") standard loss allowances.

5.3.6 Owner's Cost Assumptions

To account for PNM's costs associated with the oversight and execution of a project, PNM's Owner's costs will be estimated and added to the capital cost values discussed above. The scope of Owner's costs will include the following for each type of project structure.

Table 5.3-2. Owner's Cost Considerations

Owner's Cost	EPC	BT	PPA / ESA / DSR
Owner's Scope of Supply			
Information Technology / Telecom	X	X	X
Land Procurement	X		
Permitting and Environmental	X	X	X
Project Management and Operations	X	X	X
Owner's Engineering	X	X	X
Commissioning Costs			
Commissioning Fuel	X		
Test Energy Credit	X		
Startup Consumables	X		
Permanent Plant Equipment and Furnishings	X	X	
Long Term Service Agreement Mobilization	X	X	
Initial Stock of Spare Parts	X	X	
Administrative Costs			
Legal & Regulatory	X	X	X
Financial			

Table 5.3-2. Owner's Cost Considerations

Owner's Cost	EPC	BT	PPA / ESA / DSR
General & Administrative Costs	X	X	X
AFUDC	X		
Owner's Contingency	X	X	X

5.4 Renewable Generation Tax Credit Considerations

Throughout the Bid development and Bid evaluation process, the advantages of available tax credits for renewable energy investment will be considered. Bidders have been requested to identify in their Proposals, the tax credits and incentives upon which their Proposals are dependent. This will include the influence of the recently instituted Inflation Reduction Act, the Federal Investment Tax Credit, the Federal Production Tax Credit, and other available state and local incentive programs. As noted in the RFP Instructions to Bidders, due to the expected ongoing evolution and clarification of the Inflation Reduction Act provisions, Proposals offered for a May 1, 2027 or May 1, 2028 GSD that are dependent upon these provisions, as well as those not dependent upon these provisions, will be offered an opportunity to firm the proposed pricing prior to PNM's shortlisting of resources. All Proposals shortlisted for these GSDs will be expected to provide a "best-and-final" pricing refresh prior to PNM's selection of finalist resources. Due to the abbreviated bid evaluation timeline for the May 1, 2026 GSD Proposals, the applicability of the available incentives will be clarified via Bid clarification questions throughout the evaluation process, as needed.

An assessment of applicability of these tax incentives will also be performed for any EPC and BT Proposals offered in response to the RFP and will be applied accordingly.

6 Proposal Evaluation Phase Overview

The phased evaluation of Proposals is discussed in RFP Section 8. This Section provides additional detail regarding the evaluation of Proposals.

6.1 Phase 1 Evaluation – Screening

Proposals will initially be reviewed for completeness. Any missing information identified by the RFP Administration Team or EPC Support Team, as applicable, will be requested from Bidders.

Proposal attributes will be summarized in the Bid comparison tool (Attachment B). Initial observations will be summarized and presented based on the Bid comparison template. Considering the initial review of Proposals, information provided in response to Bidder questions and clarifications, and the trends observed in the Bid comparison, Bidders and/or Proposals may be eliminated from consideration based on the evaluation by the RFP Administration Team (with input from the EPC Support Team regarding

EPC Proposals) and with the Project Manager's approval. Elimination during Phase 1 would be limited to Proposals that do not comply with (i) the Proposal Prerequisites in Section 1.4 of the RFP Instructions to Bidders, (ii) the Supplier Risk Security Screening Questions issued with the RFP, (iii) law regarding the possession of a required contractor's license associated with EPC and BT Proposals (iv) other minimum resource requirements as identified in Sections 4, 5 and 6 of the RFP Instructions to Bidders, or (v) are otherwise incomplete after requesting additional information based on the RFP requirements or (vi) possess significant feasibility or viability concerns as compared to similar Proposals, including consideration of (a) the Bidder's prior history of project performance, (b) the Bidder's prior history of project defaults, or (c) Bidder's lack of experience with the technology at the size and scale proposed. Reasons for elimination will be documented, a Phase 1 Bid evaluation report will be prepared and issued for review by the Independent Evaluator, and Bidders will be notified accordingly at the end of Phase 1.

6.2 Phase 2 Evaluation – Establishment of a Proposal Shortlist

Proposals advancing from the Phase 1 evaluation will be evaluated further in Phase 2, resulting in the establishment of a shortlist of Proposals consisting of the "best-in-class" Proposals of each technology offered in response to the RFP.

If required, additional Bidder questions and clarifications will be issued by the RFP Administration Team considering input and feedback from the EPC Support Team. The RFP Administration Team will solicit and coordinate evaluation input from PNM SME's, engaging different PNM functions, as required, for price and non-price factors. Pricing and schedule feedback and analysis will be provided by PNM SMEs, as required, to equally compare the Proposals received.

The lifecycle cost analysis performed during Phase 2 will be utilized in conjunction with the input and feedback from PNM SME's, the EPC Support Team, and the RFP Administration Team to establish a shortlist of Proposals. The shortlist of Proposals will be established based on total evaluated delivered cost of energy and total evaluated delivered cost of capacity as well as the overall viability of the Proposal with respect to its ability to achieve commercial operation by the proposed GSD, and overall compliance with the objectives of NMSA 1978, Section 62-13-16, NMSA 1978, Section 62-18-10(D), the REA, and the IRP Rule. These factors, in conjunction with the combined scoring of the price and non-price factors identified in the Shortlist Scoring Matrices included in Attachment C will establish the Phase 2 shortlist.

The following objectives are initially established for the shortlist selection process, with the understanding that the ability to comply with these objectives will be a function of the types and quantity of Bids received.

1) To the extent that Bids satisfy the RFP requirements and pass the Phase 1 criteria, the shortlist should maintain the most favorable Bids in each generation technology category, as available, including:
    a. Solar generation in varying size categories
    b. Wind generation in varying size categories
    c. Combined wind and solar generation
    d. Energy storage in varying size categories

e. DSR / energy efficiency solutions
f. Heavy frame combustion turbines
g. Aeroderivative combustion turbines
h. Reciprocating engines
i. Combined solar and energy storage solutions
j. Combined wind and energy storage solutions
k. Combined natural gas and energy storage solutions

2) To the extent that Proposals satisfy the RFP requirements and pass the Phase 1 criteria ,the shortlist should generally maintain offerings in each technology category with sufficient capacity to deliver the full requested capacity, if available.

3) The shortlist will retain separate "best-in-class" generation projects on Navajo Nation lands in consideration of the just energy transition for the potential early exit of the Four Corners Power Plant.

4) The shortlist will retain separate "best-in-class" generation projects within the CCSD.

5) The shortlist should avoid including Proposals that include any "fatal flaws" considering experience, development status, transmission system viability, and/or incomplete Proposals.

6) The shortlist should retain offerings that reduce the total delivered cost of electricity.

To the extent that sufficient Proposals are received, the Proposal shortlist is planned to retain sufficient quantities of each technology with redundancy of Proposals for contract negotiation and competitiveness purposes.

At the conclusion of Phase 2, a Phase 2 Evaluation Summary report will be issued and provided to the Independent Evaluator for review. Bidders will be notified accordingly regarding advancement to Phase 3 or no longer being considered.

6.3 Phase 3 Evaluation – Shortlist Evaluation and Negotiations

During the Phase 3 evaluation, the shortlisted Proposals will be evaluated further, with additional Bidder questions and clarifications being issued, as required, and more in-depth PNM SME reviews taking place. Meetings will be held virtually or in-person with the shortlisted Bidders and evaluated costs will be validated through additional evaluation.

The applicable Shortlist Scoring Matrix may be further refined for the shortlisted resources to identify those, by technology, that evaluate most favorably.

Considering the shortlist of the highest-ranking proposals, various portfolios will be evaluated and analyzed via PNM's system portfolio modeling tools. As the resources selected from this RFP must be considered as a portfolio solution, the system portfolio modeling will be utilized to determine several new resource portfolios that best satisfy the RFP objectives.

Following the completion of the scoring matrices and the portfolio modeling, both with the "as-evaluated" costs and the risk-adjusted costs, PNM may pursue contract negotiations with one or more Bidders. Due to timing constraints associated with the May 1, 2026 resources, PNM may also advance initial provisional negotiations sooner than completion of the evaluation based on Proposals under consideration and pending results of the final evaluation. PNM anticipates advancing multiple Proposals into a final shortlist selection to maintain leverage and competitive forces and to retain alternative Proposals should negotiations with selected Bidders be unsuccessful.

At the conclusion of Phase 3, a Phase 3 Evaluation Summary report will be issued and provided to the Independent Evaluator for review. Bidders will be notified accordingly regarding potential selection or non-consideration.

6.4 Reporting

A report will be developed for each phase of the Proposal Evaluation summarizing activities completed, Proposals received and currently in consideration, Bidder correspondence, reasons for exclusion of any Proposals from further consideration, any deviations from the established process, and general outcomes. Each report will be provided to the Independent Evaluator for review.

7 Summary Discussion

PNM's 2026-2028 RFP seeks Proposals for the supply of firm capacity up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028. The RFP was issued on November 3, 2022 and Proposals are due on January 5, 2023 for 2026 resources and on February 1, 2023 for 2027 and 2028 resources. Upon receipt of Proposals, evaluation will begin immediately. The RFP Administration Team will complete an initial screening and establish a Proposal shortlist for each of the three requested Guaranteed Start Dates during Phase 1 and Phase 2 of the respective Bid evaluation processes. Phase 3 of the evaluation, including detailed reviews, negotiations, and selections will be completed after selection of the shortlisted Bids.

The Proposal evaluation includes review, analysis, modeling, comparative assessment, feedback from SME's, and other activities, with the overall goal to provide the most advantageous path forward to provide value to PNM customers, to reduce project deliverability risk, and to reduce reliability risk on PNM's system.

The evaluation will be completed based on the best available information and the approach and methodology is subject to change based on other influencing factors, such as changing regulatory requirements. PNM is committed to conducting a fair and transparent process, and the purpose of this document is to highlight PNM's commitment to doing so.

2026-2028 Generation Resources RFP

Proposal Evaluation Methodology

Attachment A

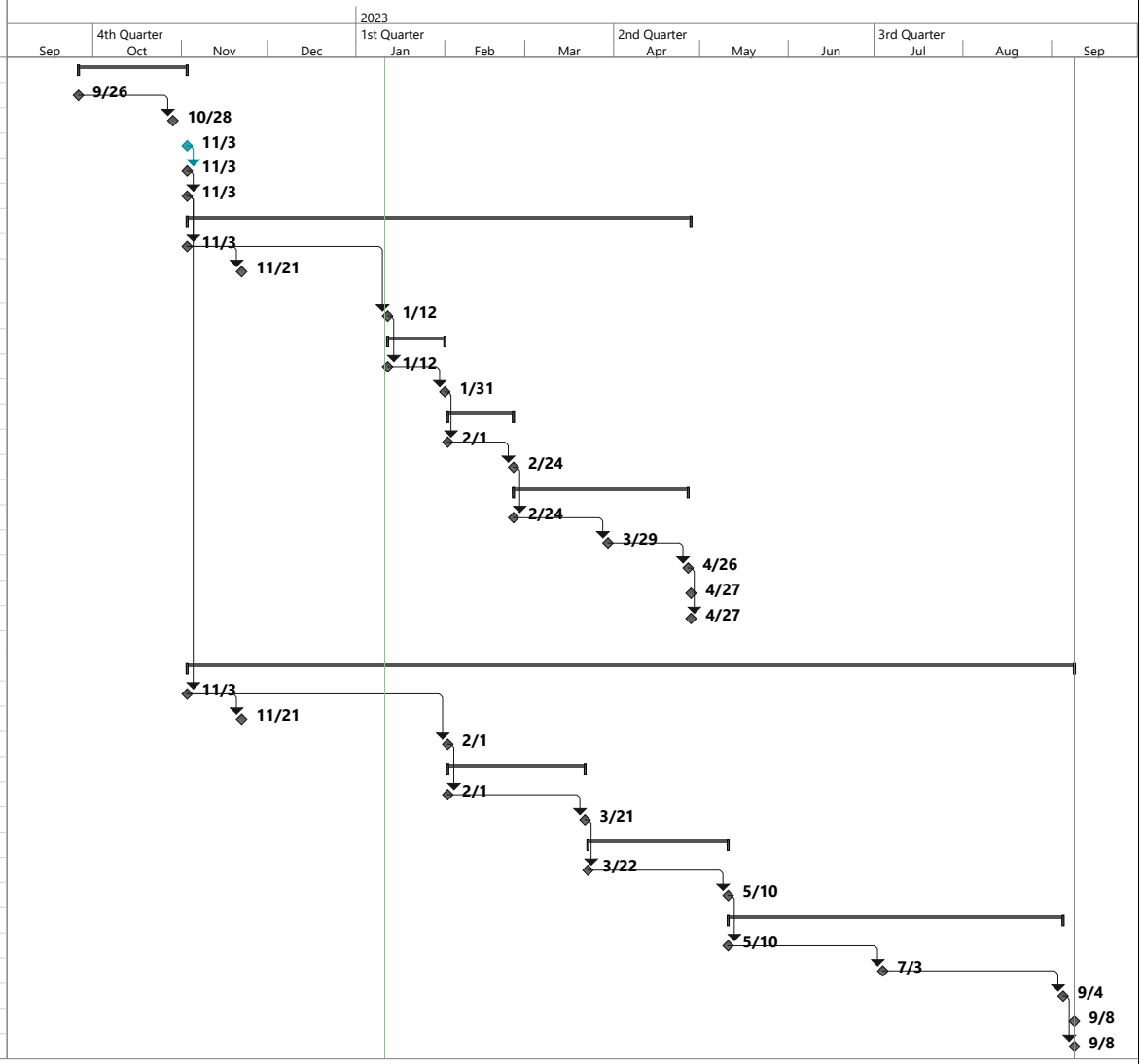
RFP Schedule

DRAFT

January 2023

PNM 2026-2028 Generation Resources RFP

ID	Task Name	Duration	Start	Finish
1	**RFP Development**	**28 days**	**Mon 9/26/22**	**Thu 11/3/22**
2	Start RFP and Tech Spec Development	0 days	Mon 9/26/22	Mon 9/26/22
3	Stakeholder / IE Review Complete	0 days	Fri 10/28/22	Fri 10/28/22
4	RFP Notice/Press Release	0 days	Thu 11/3/22	Thu 11/3/22
5	Non-Disclosure Agreement Available	0 days	Thu 11/3/22	Thu 11/3/22
6	Final RFP Package Available	0 days	Thu 11/3/22	Thu 11/3/22
7	**2026 Resource Bid Cycle**	**126 days**	**Thu 11/3/22**	**Thu 4/27/23**
8	RFP Documents Available for Bid	0 days	Thu 11/3/22	Thu 11/3/22
9	Pre-Bid Conference	0 days	Mon 11/21/22	Mon 11/21/22
10	Proposal Due Date	0 days	Thu 1/12/23	Thu 1/12/23
11	**Phase 1 Bid Evaluation**	**14 days**	**Thu 1/12/23**	**Tue 1/31/23**
12	Phase 1 Bid Evaluation Begins	0 days	Thu 1/12/23	Thu 1/12/23
13	Phase 1 Bid Evaluation Complete	0 days	Tue 1/31/23	Tue 1/31/23
14	**Phase 2 Bid Evaluation**	**17 days**	**Wed 2/1/23**	**Fri 2/24/23**
15	Phase 2 Bid Evaluation Begins	0 days	Wed 2/1/23	Wed 2/1/23
16	Phase 2 Bid Evaluation Complete	0 days	Fri 2/24/23	Fri 2/24/23
17	**Phase 3 Bid Evaluation**	**43 days**	**Fri 2/24/23**	**Wed 4/26/23**
18	Phase 3 Bid Evaluation Begins	0 days	Fri 2/24/23	Fri 2/24/23
19	Final Bid Selection	0 days	Wed 3/29/23	Wed 3/29/23
20	Execution of Contract(s)	0 days	Wed 4/26/23	Wed 4/26/23
21	**Regulatory**	**0 days**	**Thu 4/27/23**	**Thu 4/27/23**
22	Resource Filing	0 days	Thu 4/27/23	Thu 4/27/23
23				
24	**2027 or 2028 Resource Bid Cycle**	**222 days**	**Thu 11/3/22**	**Fri 9/8/23**
25	RFP Documents Available for Bid	0 days	Thu 11/3/22	Thu 11/3/22
26	Pre-Bid Conference	0 days	Mon 11/21/22	Mon 11/21/22
27	Proposal Due Date	0 days	Wed 2/1/23	Wed 2/1/23
28	**Phase 1 Bid Evaluation**	**34 days**	**Wed 2/1/23**	**Tue 3/21/23**
29	Phase 1 Bid Evaluation Begins	0 days	Wed 2/1/23	Wed 2/1/23
30	Phase 1 Bid Evaluation Complete	0 days	Tue 3/21/23	Tue 3/21/23
31	**Phase 2 Bid Evaluation**	**35 days**	**Wed 3/22/23**	**Wed 5/10/23**
32	Phase 2 Bid Evaluation Begins	0 days	Wed 3/22/23	Wed 3/22/23
33	Phase 2 Bid Evaluation Complete	0 days	Wed 5/10/23	Wed 5/10/23
34	**Phase 3 Bid Evaluation**	**83 days**	**Wed 5/10/23**	**Mon 9/4/23**
35	Phase 3 Bid Evaluation Begins	0 days	Wed 5/10/23	Wed 5/10/23
36	Final Bid Selection	0 days	Mon 7/3/23	Mon 7/3/23
37	Execution of Contract(s)	0 days	Mon 9/4/23	Mon 9/4/23
38	**Regulatory**	**0 days**	**Fri 9/8/23**	**Fri 9/8/23**
39	Resource Filing	0 days	Fri 9/8/23	Fri 9/8/23



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2026-2028 Generation Resources RFP

Proposal Evaluation Methodology

Attachment B

Bid Comparison Template

PNM 2026-2028 Generation Resources RFP Bid Summary

Example Bid Summary

Dated: December 19, 2022

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Assigned Proposal Number	Bidder	Bidder	Project	Bid Type	Construction Contractor License	Bid Type Subcategory	Total Project Capacity (MW)	Site Export Capacity (MW)	Generation Capacity (MW)	Energy Storage Capacity (MW)	Energy Storage Duration (hrs)	Energy Storage (MWh)	Capacity for Capacity Charge (MW)	Heat Rate (Btu/kWH - HHV)	Contracted Fuel Consumption per day (MMBtu)

17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Site	Site Coordinates (PPA and BT bids only)	County	State	Expected COD / Start Date	Guaranteed Start Date	Term (Years)	Annual Generation from Gen. Source (MWh)	Annual Energy Storage Discharge (MWh)	Annual System Delivery (MWh)	Net Generation Capacity Factor (%)	Net System Capacity Factor (%)	DC/AC Ratio	Per Start Charge ($/start per unit)	Quantity of Generating Units (#)	Assumed Operating Hours (Hrs/yr)

33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
Annual Quantity of Starts (#)	Assumed Battery Cycles per year (#)	Battery Round Trip Efficiency (at POI) (%)	Notes	POI	Point of Delivery	Transmission GIA / SIS Status	Transmission / Wheeling Fees ($/kw-mo)	Estimated Transmission Upgrades (incl in proposal)	Interconnection / Transmission Upgrades Priced in Proposal	Proposal Transmission Cost Basis	Evaluation Adjustments for Added Electrical Transmission Capital Cost ($)	Evaluation Adjustments for Added Electrical Interconnection Capital Cost ($)	Evaluation Notes for Electrical Transmission	Estimated Interconnection In-Service Date (by PNM Transmission Planning)	Electrical Losses Included in Bid

49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64
Estimated Electrical Losses to be Added (%)	Losses Applicable from Site to ABQ?	Losses from Site to ABQ Load Center (%)	Total Electrical Losses to be Added (%)	Capital Cost ($)		Capital Cost Adjustments ($)	Transmission / Interconnection Adjustments ($)	Owner's Costs ($)	Total Capital Cost ($)	Capital Cost ($/kW)	Battery Capital Cost ($/kWH)	PPA Contract Price ($/MWH)	Battery Energy Charge ($/MWH)	Fixed O&M / Variable O&M / Energy Escalation (%)	Capacity Escalation (%)

65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
Capacity/Fixed Charge ($/kW-Month)	EPC Capital Recovery Cost ($/kW-yr)	EPC Capital Recovery Cost ($/MWh)	Applicable Gross Receipts Tax Adder for ESAs (%)	% of Capacity Payment for Additional GRT (%)	GRT Adder for ESAs ($/kW-mo)	Natural Gas Transport Adder ($/MMBtu/day)	Natural Gas Transport Adder ($/kW-yr)	Fixed O&M Cost ($/kW-yr)	Fixed O&M Cost ($/MWh)	Total Fixed O&M Cost ($/kW-yr) (with Gas Transport & ESA GRT)	Total Fixed O&M Cost ($/MWH)	Total First Year Annual Fixed Charges ($/yr)	EPC Variable O&M Cost (excl CSA costs) ($/MWh)	CSA Variable O&M Cost ($/hr per unit)	CSA Variable O&M Cost ($/MWh)

81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96
Start Charges ($/yr)	Total Variable O&M Cost ($/MWH)	Total Annual Variable / O&M ($/yr)	Cost of Delivery excluding fuel ($/MWH)	Assumed Cost of Fuel ($/MMBtu-HHV)	Cost of Fuel ($/MWh)	Cost of Battery Charging ($/MWh)	ITC/PTC Benefit ($/MWh)	Total Annual Charges ($/yr)	Total Cost of Generation ($/MWh)	Impact of Electrical Losses ($/MWh)	Impact of Wheeling Fees ($/MWh)	Total First Year Delivered Cost ($/MWh)	Levelized Total Evaluated Delivered Cost ($/MWh)	Total First Year Delivered Cost ($/kW-yr)	Accredited Capacity (MW)

97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112
Levelized Cost per Unit of Accredited Capacity ($/kW-yr)	Delivered Cost Notes	Pricing Included / Other Notes	Staffing Plan	Credit Rating	Credit Rated Entity	Safety EMRs	Fuel Supply Status	Land Acquisition Status	Terms & Conditions	Guarantees	Pricing Notes	Bid Validity	Required Release Date	Tax Credit Reliance (ITC/PTC/IRB/PiLOT)	Project Delivery Performance History

113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128
Project Default History	Compliance with RFP Prerequisites	Compliance with Risk Security Requirements	Carbon Compliance Methodology	Commitment to Apprentices	On Navajo Land?	In CCSD?	Pass Phase 1?	Reason for Phase 1 Exclusion	Phase 2 Shortlist?	Reason for Phase 2 Exclusion	Phase 3 Selection?	Reason for Phase 3 Exclusion	Base Bid for Evaluation?	Satisfy Construction License Requirement?	Development Risks

129	130	131
Development Advantages	Other	Key Follow-Ups

2026-2028 Generation Resources RFP

Proposal Evaluation Methodology

Attachment C

Shortlist Ranking Matrix

MARKET BID SCORING MATRIX

Phase I Scoring Matrix		Bidders Name/Number	Bidder A	Bidder B
		Bid Number		
Commercial Conditions		Site Name		
Creditworthiness		Project Size (MW)		
Team Qualifications		Resource Type		
Project Engineering		In-Service Date		
Social, Environmental & Siting		Interconnection Location		
Interconnection/Performance		Pricing Structure		
Total	0%	RFP		

	Total Score LCOE (1000 Max)	0.0	0.0
	Total Score LCOC (1000 Max)	0.0	0.0
	Total Non-Price Ranking	0.0	0.0
1.0 LCOE Commercial Conditions	LCOE Commercial Conditions Weighted Score	0.0	0.0
1.0 LCOC Commercial Conditions	LCOC Commercial Conditions Weighted Score	0.0	0.0
	0		
1.1 Total Delivered Cost (Levelized Cost of Energy)			
1.1 Total Delivered Cost (Levelized Cost of Capacity)			
Calculated LCOE			
Calculated LCOC			
Risk Adjusted LCOE			
Risk Adjusted LCOC			
[90-100] In lowest quintile of pricing for the technology offering			
[80-90] In second to lowest quintile of pricing for the technology offering			
[70-80] In middle quintile of pricing for the technology offered			
[60-70] In second to highest quintile of pricing for the technology offered			
[50-60] In highest quintile of pricing for the technology offering			
1.2 Guarantees / LDs / Warranties			
[75-100] All identified and in compliance with term sheet			
[50-85] Majority of factors identified and in compliance with term sheet			
[25-75] Moderate non-compliance with term sheet requests			
[0-50] Significant non-compliance with term sheet requests			
1.3 General Acceptance of Terms			
[75-100] No exceptions to proposed term sheet			
[50-85] Limited exceptions to proposed term sheet			
[25-75] Moderate exceptions to proposed term sheet			
[0-50] Major exceptions to proposed term sheet			

2.0 Creditworthiness	Creditworthiness Weighted Score	0	0
	0		
2.1 Credit Support			
[80-100] Investment grade rated or letter of credit			
[70-90] Below investment grade/no rating with letter of credit			
[70-90] Parental Guarantee or Guarantor is Investment grade rated			
[25-70] Below investment grade/no rating, no Guarantor, no letter of credit/support			
[0-40] Junk rated/no support/history of default			
2.2 Project Financing			
[75-100] 100% Self-Financed, Owned, and Operated			
[50-85] Dvlpmt/Const Self-Funded, Equity Investor identified, Partial Ownership			
[25-75] Dvlpmt/Const Self-Funded, Flipped to New Owner/Investor			
[0-50] Financing not discussed, No financing plan, Equity Investor(s) not defined			

MARKET BID SCORING MATRIX

Phase I Scoring Matrix	Bidders Name/Number	Bidder A	Bidder B
	Bid Number		
Commercial Conditions	Site Name		
3.0 Quals / Experience	Quals / Experience Weighted Score	0	0
	0		
3.1 Bidder Project Experience [75-100] Extensive - 3+ comparable projects (technology and size) already built [50-85] Moderate - 1 to 2 comparable projects (tech & size) already built [25-60] Limited - never lead player; projects under construction [0-25] None - No projects of proposed technology completed or identified			
3.2 Bidder Team Project Experience [75-100] Experienced with prior working relationship and ability; local experience; successful project history [50-80] Team is a mix of experienced and new personnel; limited local experience; some history of project delays/cost increases [0-50] Team is newly formed w/ limited comparable project development; history of multiple project defaults or shortfalls			
3.3 Bidder Team Safety Record [75-100] Experience Modification Rate - 0.25 to 0.50 or strong safety program [50-80] Experience Modification Rate - 0.50 to 0.75 or moderate safety program discussion [20-60] Experience Modification Rate - 0.75 to 1.0 or moderately poor safety program [0-25] Experience Modification Rate - >1.0, poor or non-described safety program			

4.0 Project Engineering	Project Engineering Weighted Score	0	0
	0		
4.1 O&M Plan [75-100] Detailed, self-managed operation & maintenance plan, credible experience [40-80] Bid provided moderate details of an operation & maintenance plan [0-50] Little to no detail regarding an operation & maintenance plan, outsourced			
4.2 Engineering Design [70-100] Thorough system layout/design for selected tech - compliant w/ RFP [40-80] Concept level design / tech to be selected / moderately compliant w RFP [0-50] Prelim engineering design not done or incomplete / not compliant w RFP			
4.3 Project Schedule [75-100] Project meets timing, detailed timeline, schedule readily achievable [50-80] Meets timing reqmt's, timeline provided, no critical schedule items identified [25-60] Meets timing reqmt's, no details, moderate schedule challenges [0-30] Does not meet timing, no details, significant schedule challenges			
4.4 Project Equipment and Feasibility [60-100] Mature, Commercial Technology [30-80] Young Technology - Commercial, but Limited Application, w/ Risk Mitigation [0-50] New Technology - demonstration, prototype or pilot			

MARKET BID SCORING MATRIX

Phase I Scoring Matrix	Bidders Name/Number	Bidder A	Bidder B
	Bid Number		
Commercial Conditions	Site Name		
5.0 Social, Environmental & Siting	Social, Environmental & Siting Weighted Score	0	0
	0		
5.1 Right of Way and Site Acquisition			
[80-100] All of Site and Right-of-Way is secured, site acquired, cost certain [60-80] Right-of-Way is secured, site is acquired, cost estimated [25-60] Right-of-Way & project site under option agreement [0-30] Right-of-Way not yet secured & project site not yet acquired			
5.2 Environmental Site Assessment			
[70-100] Site assessment completed w/documentation-no issues [50-70] Site Assessment completed, no siting issues, lacks documentation [25-50] Site Assessment underway, potential siting issues with mitigation plan [0-30] Site Assessment not completed and unrealistic schedule expectation			
5.3 Enviromental Permits / Impact			
[70-100] All required permits acquired / no-to-low impact / carbon plan in place [40-70] Some permits acquired / moderate impact / carbon concept in place [0-40] Bidder states no permits acquired / high impact / no carbon plan			
5.4 Community Support/Labor Sourcing			
[80-100] Strong community support / significant apprentice & NM labor use [50-80] Moderate community support & NM labor / complies with apprentice use [30-60] Little community support / partially complies w apprentice & NM labor use [0-40] Viewed unfavorably by community / does not comply w apprentice use			

6.0 Interconnection/Performance	Interconnection/Performance Weighted Score	0	0
	0		
6.1 Interconnection			
[90-100] Project has LGIA / no network upgrades / limited interconnection scope [60-90] Project in DISIS process / limited network upgrades / limited interconn [30-60] Project will enter DISIS process / moderate network & interconn scope [0-30] Project has not entered DISIS / no estimate of required upgrades			
6.2 Transmission Delivery			
[90-100] Project does not require delivery investment (i.e. connects to PNM) [30-90] Project identifies delivery need (wheeling service, new construction) [0-30] Project requires delivery; plan not established (wheeling, etc.)			
6.3 Contribution to Operational Flexibility			
[90-100] Project is dispatchable w/ strong capability for ancillary services [70-100] Project is dispatchable w/ moderate capability for ancillary services [30-70] Project has moderate dispatchability / capability for ancillary services [0-30] Project offers little value for dispatch/ancillary services			
6.4 Performance Feasibility & Bid Credibility			
[80-100] Projected capacity factor / efficiency is within expected ranges (below) [50-80] Projected capacity factor w/in 1%-2% of expected ranges [30-80] Projected capacity factor w/in 3%-4% of expected ranges [0-20] Projected capacity factor is greater than +/- 5% of expected			

EPC SCORING MATRIX

Phase I Scoring Matrix		Bidders Name/Number	Bidder A	Bidder B	Bidder C
		Bid Number			
Commercial Conditions		Site Name			
Creditworthiness		Project Size (MW)			
Team Qualifications		Resource Type			
Project Engineering		In-Service Date			
Social, Environmental & Siting		Interconnection Location			
Interconnection/Performance		Pricing Structure			
Total	0%				

Total Score - LCOE (1000 Max)	0.0	0.0	0.0
Total Score - LCOC (1000 Max)	0.0	0.0	0.0

1.0 Commercial Conditions LCOE	Commercial Conditions LCOE Weighted Score	0	0	0
1.0 Commercial Conditions LCOC	Commercial Conditions LCOC Weighted Score	0	0	0
	0			
1.1 Total Delivered Cost (Levelized Cost of Energy)				
1.1 Total Delivered Cost (Levelized Cost of Capacity)				
Calculated LCOE				
Calculated LCOC				
Risk Adjusted LCOE				
Risk Adjusted LCOC				
[90-100] In lowest quintile of pricing for the technology offering				
[80-90] In second to lowest quintile of pricing for the technology offering				
[70-80] In middle quintile of pricing for the technology offered				
[60-70] In second to highest quintile of pricing for the technology offered				
[50-60] In highest quintile of pricing for the technology offering				
1.2 Guarantees / LDs / Warranties				
[75-100] All identified and in compliance with term sheet				
[50-85] Majority of factors identified and in compliance with term sheet				
[25-75] Moderate non-compliance with term sheet requests				
[0-50] Significant non-compliance with term sheet requests				
1.3 General Acceptance of Terms				
[75-100] No exceptions to proposed term sheet				
[50-85] Limited exceptions to proposed term sheet				
[25-75] Moderate exceptions to proposed term sheet				
[0-50] Major exceptions to proposed term sheet				

2.0 Creditworthiness	Creditworthiness Weighted Score	0	0	0
	0			
2.1 Financial Strength				
[80-100] Investment grade rated or letter of credit				
[70-90] Below investment grade/no rating with letter of credit				
[70-90] Parental Guarantee is Investment grade rated				
[25-70] Below investment grade or no rating, and no letter of credit/support				
[0-40] Junk rated/no support/history of default				
2.2 Project Controls				
[80-100] Detailed cost estimate / clear & reasonable payment / cancel schedule				
[70-90] Moderately detailed cost estimate / payment / cancel schedule				
[35-70] Insufficient cost estimate / unreasonable payment / cancel schedule				
[0-35] No detailed cost estimate / unfavorable payment / cancel schedules				

EPC SCORING MATRIX

Phase I Scoring Matrix	Bidders Name/Number	Bidder A	Bidder B	Bidder C
	Bid Number			
Commercial Conditions	Site Name			
3.0 Quals / Experience	Quals / Experience Weighted Score	0	0	0
	0			
3.1 Bidder Project Experience [75-100] Extensive - 3+ comparable projects (technology and size) already built [50-85] Moderate - 1 to 2 comparable projects (tech & size) already built [25-60] Limited - never lead player; projects under construction [0-25] None - No projects of proposed technology completed or identified				
3.2 Bidder Team Project Experience [75-100] Experienced with prior working relationship and ability; local experience; successful project history [50-80] Team is a mix of experienced and new personnel; limited local experience; some history of project delays/cost increases [0-50] Team is newly formed w/ limited comparable project development; history of multiple project defaults or shortfalls				
3.3 Bidder Team Safety Record [75-100] Experience Modification Rate - 0.25 to 0.50 [50-80] Experience Modification Rate - 0.50 to 0.75 [20-60] Experience Modification Rate - 0.75 to 1.0 [0-25] Experience Modification Rate - >1.0				

4.0 Project Engineering	Project Engineering Weighted Score	0	0	0
	0			
4.1 Constr. And Comiss Turnover Plan [75-100] Detailed, construction & commissioning plan, credible experience [40-80] Bid provided moderate details of a construction & commissioning plan [0-50] Little to no detail regarding a const & commiss plan, heavily subcontracted				
4.2 Engineering Design [70-100] Thorough system layout/design for selected tech - compliant w/ RFP [40-80] Concept level design / tech to be selected / moderately compliant w RFP [0-50] Prelim engineering design not done or incomplete / not compliant w RFP				
4.3 Project Schedule [75-100] Project meets timing, detailed timeline, schedule readily achievable [50-80] Meets timing reqmt's, timeline provided, no critical path items identified [25-60] Meets timing reqmt's, no details, moderate schedule challenges [0-30] Does not meet timing, no details, significant schedule challenges				
4.4 Project Equipment and Feasibility [60-100] Mature, Commercial Technology [30-80] Young Technology - Commercial, but Limited Application, w/ Risk Mitigation [0-50] New Technology - demonstration, prototype or pilot				

EPC SCORING MATRIX

Phase I Scoring Matrix	Bidders Name/Number	Bidder A	Bidder B	Bidder C
	Bid Number			
Commercial Conditions	Site Name			
5.0 Social, Environmental & Siting	Social, Environmental & Siting Weighted Score	0	0	0
	0			
5.1 Right of Way and Site Acquisition				
[80-100] All of Site and Right-of-Way is secured, site acquired, cost certain [60-80] Right-of-Way is secured, site is acquired, cost estimated [25-60] Right-of-Way & project site under option agreement [0-30] Right-of-Way not yet secured & project site not yet acquired				
5.2 Environmental Site Assessment				
[70-100] Site assessment completed w/documentation-no issues [50-70] Site Assessment completed, no siting issues, lacks documentation [25-50] Site Assessment underway, potential siting issues with mitigation plan [0-30] Site Assessment not completed and unrealistic schedule expectation				
5.3 Enviromental Permits / Impact				
[70-100] All required permits acquired / no-to-low impact / carbon plan in place [40-70] Some permits acquired / moderate impact / carbon concept in place [0-40] Bidder states no permits acquired / high impact / no carbon plan				
5.4 Community Support/Labor Sourcing				
[80-100] Strong community support / significant apprentice & NM labor use [50-80] Moderate community support & NM labor / complies with apprentice use [30-60] Little community support / partially complies w apprentice & NM labor use [0-40] Viewed unfavorably by community / does not comply w apprentice use				

6.0 Interconnection/Performance	Interconnection/Performance Weighted Score	0	0	0
	0			
6.1 Interconnection				
[90-100] Project has LGIA / no network upgrades / limited interconnection scope [60-90] Project in DISIS process / limited network upgrades / limited interconn [30-60] Project will enter DISIS process / moderate network & interconn scope [0-30] Project has not entered DISIS / no estimate of required upgrades				
6.2 Transmission Delivery				
[90-100] Project does not require delivery investment (i.e. connects to PNM) [30-90] Project identifies delivery need (wheeling service, new construction) [0-30] Project requires delivery; plan not established (wheeling, etc.)				
6.3 Contribution to Operational Flexibility				
[90-100] Project is dispatchable w/ strong capability for ancillary services [70-100] Project is dispatchable w/ moderate capability for ancillary services [30-70] Project has moderate dispatchability / capability for ancillary services [0-30] Project offers little value for dispatch/ancillary services				
6.4 Performance Feasibility & Bid Credibility				
[80-100] Projected capacity factor / efficiency is within expected ranges (below) [50-80] Projected capacity factor w/in 1%-2% of expected ranges [30-80] Projected capacity factor w/in 3%-4% of expected ranges [0-20] Projected capacity factor is greater than +/- 5% of expected				

Phase I Bid Evaluation Summary

PNM Exhibit RWN-6

Is contained in the following 9 pages.

2026-2028 Generation Resources RFP

Phase 1 Bid Evaluation Summary

For May 1, 2027 and May 1, 2028 Resources

Revision 0

August 14, 2023

Revision 1

March 17, 2024

TABLE OF CONTENTS

1 INTRODUCTION

Public Service Company of New Mexico ("PNM") a wholly owned subsidiary of PNM Resources, Inc., issued its 2026-2028 Generation Resources Request for Proposals (the "2026-2028 RFP") on November 3, 2022 for the supply of up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028 of firm capacity resources to serve its New Mexico system. The exact quantity of resources selected and the timing of implementation of the resources will be dependent upon resource characteristics and resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. All resources selected from this RFP process are subject to New Mexico Public Regulation Commission ("Commission") approval. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028. This Phase 1 report addresses the evaluation of resources submitted for the May 1, 2027 and May 1, 2028 Guaranteed Start Dates ("GSD"). Resources for a May 1, 2026 GSD were evaluated separately with a Phase 1 report previously issued for these resources.

The 2026-2028 RFP is focused on securing resources that support PNM's transition to a zero-carbon energy future by 2040 while fulfilling PNM's obligation to serve its customers with reliable, low cost energy, in an environmentally responsible manner. No resource type or project ownership structure was specifically requested, preferred, or excluded by PNM in response to the 2026-2028 RFP.

The 2026-2028 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM has received and is evaluating proposals ("Proposals") for renewable, storage, demand-side, and thermal resources as well as combinations of each from participating bidders (each a "Bidder"). Additionally, for 2027 and 2028 resources, PNM has received and is evaluating resources delivered under the following structures:

- Power purchase agreements ("PPAs");
- Energy storage agreements ("ESAs");
- Demand-side resources ("DSR");
- Asset purchase agreements ("APAs");
- Build-transfer ("BT") agreements; and
- Engineer, procure, construct ("EPC") projects at PNM sites.

This summary report provides an overview of Proposals received and the results of the Phase 1 evaluation of these Proposals.

2 SUMMARY OF PROPOSALS

Proposals offering resources for May 1, 2027 and May 1, 2028 GSDs were received on or before February 15, 2023 with this Phase 1 evaluation beginning immediately upon receipt. In response to the RFP, PNM received Proposals from 39 different companies offering Proposals from 62 different projects. For these 62 projects, Bidders offered numerous pricing structures, contracting structures, and capacities, resulting in 173 different project variants for evaluation. Of these project variants, 95 were offered for the May 1, 2027 GSD, 76 were offered for the May 1, 2028 GSD, and 2 were offered for a May 1, 2026 GSD. Table 2-1 provides a high-level summary of the types of Proposals received.

Table 2-1. Summary of Proposals Received.

Technology	Contracting Structure						Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	EPC	APA	Other	Quantity	MW	MWh
Wind	6	-	-	-	-	-	6	1,897	-
Solar	22	-	-	-	-	-	22	5,431	-
ESS	-	44	-	15	-	-	59	-	32,753
Solar + ESS	68	-	1	1	1	-	71	11,628	27,314
Wind + Solar	1	-	-	-	-	-	1	1,700	-
Wind + Solar + ESS	1	-	-	-	-	-	1	1,700	2,000
DSR	-	-	-	-	-	1	1	7	-
Gas - Aero	2	-	-	4	-	-	6	776	-
Gas - Frame	4	-	-	-	-	-	4	643	-
Gas - RICE	2	-	-	-	-	-	2	370	-
Total	**106**	**44**	**1**	**20**	**1**	**1**	**173**	**24,152**	**62,067**

While Table 2-1 provides a summary of the total generation and storage available from all of the project variants offered, Table 2-2 provides a summary of the total capacities offered by technology considering the maximum capacity offered from each project site.

Table 2-2. Total Resource Capacity Proposed by Technology.

Technology	Generation Capacity	Storage Capacity
	MW	MWh
Wind	1,627	-
Solar	6,872	-
ESS	6,576	26,005
DSR	7	-
Gas - Aero	388	-
Gas - Frame	172	
Gas - RICE	185	-
Total	**15,827**	**26,005**

As defined within the 2026-2028 RFP, the RFP evaluation will include a separate “best-in-class” bid evaluation and short-list selection for renewable generation on Navajo Nation lands as well as for

projects within the Central Consolidated School District ("CCSD") to recognize a locational preference in the Phase 3 bid evaluation as part of a complete generation portfolio.

Proposals received in response to the 2026-2028 RFP included Proposals from 5 Bidders on 6 separate project sites that were located or partially located on Navajo Nation lands. These projects and the associated bid variants are summarized in Table 2-3. In total, the capacity available from these resources, accounting for the maximum capacity available from each site, equates to 825 MW of solar generation, 2,850 MWh of energy storage capacity, and 115 MW of natural gas fired generation.

Proposals received in response to the 2026-2028 RFP included Proposals from 10 Bidders on 14 separate project sites that were located within the CCSD. These projects and the associated bid variants are summarized in Table 2-4. In total, the capacity available from these resources, accounting for the maximum capacity available from each site, equates to 1,287 MW of solar generation, 150 MW of wind generation, 5,756 MWh of energy storage capacity, and 534 MW of natural gas fired generation.

Table 2-3. Summary of Proposals Received located on Navajo Nation Land.

Technology	Contracting Structure		Proposals	Generation Capacity	Storage Capacity
	PPA	EPC	Quantity	MW	MWh
Solar	-	-	-	-	-
Wind	-	-	-	-	-
Solar + ESS	12	-	12	2,575	6,350
ESS	1	-	1	-	1,600
Natural Gas	2	-	2	230	-
Total	**15**	**-**	**15**	**2,805**	**7,950**

Table 2-4. Summary of Proposals Received in the Central Consolidated School District.

Technology	Contracting Structure		Proposals	Generation Capacity	Storage Capacity
	PPA	EPC	Quantity	MW	MWh
Solar	5	-	5	725	-
Wind	2	-	2	240	-
Solar + ESS	10	1	11	1,712	5,280
ESS	2	4	6	-	5,693
Natural Gas	4	2	6	1,068	-
Total	**23**	**7**	**30**	**3,745**	**10,973**

3 PHASE 1 EVALUATION - SCREENING

The Phase 1 evaluation efforts were focused on screening the submitted Proposals for completeness and compliance with RFP requirements and the Proposal Prerequisites outlined in Section 1.4 of the RFP. The Phase 1 evaluation was initiated upon receipt of the Proposals on February 15, 2023 and was completed as of June 6, 2023. One round of clarification questions was issued to all of the third-party, market Bidders on March 28, 2023 with clarification questions issued to the EPC Bidders on April 11, 2023. A subsequent round of questions was issued to Bidders on April 28 through May 11, 2023 requesting a variable energy pricing structure for the energy storage projects offered under an Energy Storage Agreement in an effort to avoid treatment of the executed agreement as a financial lease with associated imputed debt implications. While responses were received from the Bidders to these pricing questions, the responses were not considered in the Phase 1 screening process. Of the questions issued, as of the time of this report writing, initial responses were received from all of the Bidders with some Bidders continuing to prepare responses for a few remaining questions. Additionally, the bid evaluation team did confirm that all of the Bidders satisfactorily responded to the Supplier Risk Security Screening Questions included in the mandatory "Questions" section of the respective RFP event.

As part of the Phase 1 evaluation process, the RFP Administration team completed a first draft of the bid comparison template including as-provided information from the Bidders. This preliminary bid comparison document has been documented for record purposes as "Confidential PNM 2027-2028 RFP Bid Summary Document (20230616).xlsx". At this phase of the Proposal evaluation process, the bid comparison template is considered very preliminary, incomplete, indicative in nature, and subject to change as a function of ongoing clarification and evaluation considerations.

Considering the initial review of Proposals and information provided in response to Bidder clarifications, the RFP Administration Team, with the Project Manager's approval, has decided to eliminate the following Proposals from further consideration based on the factors as noted for each Proposal. Elimination during Phase 1 is limited to Proposals that have not complied with the RFP requirements or the Proposal Prerequisites, and/or Proposals for which the Bidder does not have the necessary New Mexico Contractor's license (for build-transfer or EPC project structures) as required and identified in the 2026-2028 RFP documents.

Based upon the above criteria, the Proposals determined to be excluded from further consideration after the Phase 1 Proposal evaluation for a May 1, 2027 and/or May 1, 2028 Guaranteed Start Date are as follows.

- **Bidder #3** – *Asset Purchase Proposal for Hybrid Solar and Energy Storage (Bid 3-2.2)*: Bidder has offered a development asset purchase which would be transferred upon Notice to Proceed of the project development. As the RFP required proposals for complete and fully functional electric generation or storage resources that provide new, incremental capacity, this proposal for a development asset does not comply with the RFP requirements.
- **Bidder #13** – *PPA Proposal for Hybrid Solar and Energy Storage (Bids 13-1 and 13-2)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is at least 5 years.

- **Bidder #19 –** *PPA Proposal for Solar and Hybrid Solar and Energy Storage (Bids 19-1.1, 19-1.2, 19-2.1, and 19-2.2)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the May 1, 2027 proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is 3 years. Proposal options for a May 1, 2028 Guaranteed Start Date will continue to be evaluated.
- **Bidder #20 –** *Varied Proposals for Wind, Storage, Solar, and Combinations (Bids 20-1.1 thru 20-1.6)*: While this Bidder submitted proposals, they indicated that the timeline for the projects offered would result in an in-service date after May 1, 2028 and they declined to pay a bid submission fee.
- **Bidder #22** – *EPC Proposals for Stand-alone Energy Storage (Bids 22-1.1, 22-1.2, 22-2 thru 22-4), 22-5.1, 22-5.2, 22-6.1, 22-6.2, 22-7 thru 22-9, 22-10.1, and 22-10.2)*: Bidder did not offer proposals for complete and fully functional storage resources for evaluation.
- **Bidder #24** – *PPA Proposal for Hybrid Solar and Energy Storage (Bids 24-1 and 24-2)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date. Project is very early in development and Bidder experience only includes projects being studied or in negotiation.
- **Bidder #27 –** *Energy Storage Proposal for Stand-alone Energy Storage (Bids 27-1.1 and 27-1.2)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the May 1, 2027 proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is 36 months. Bidder will have the option to offer this project for a May 1, 2028 Guaranteed Start Date.
- **Bidder #35 –** *PPA Proposals for Hybrid Solar and Energy Storage (Bid 35-3)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the May 1, 2027 proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is considered high risk. Proposal option for a May 1, 2028 Guaranteed Start Date will continue to be evaluated.
- **Bidder #35 –** *PPA Proposal for Hybrid Solar and Energy Storage (Bid 35-4)*: This project is in final stages of executing an agreement and is no longer available as a resource for the purposes of this RFP.
- **Bidder #36** – *PPA Proposal for Solar and Hybrid Solar and Energy Storage (Bids 36-1.1, 36-1.2, 36-2.1 and 36-2.2)*: Bidder has not yet submitted an interconnection application. The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date.
- **Bidder #37** – *PPA Proposal for Gas Fired Generation (Bid 37-1 and 37-2)*: Bidder has not yet submitted an interconnection application. The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date.
- **Bidder #42 –** *PPA Proposal for Solar and Hybrid Solar and Energy Storage (Bid 42-1 and 42-2)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is at least 4 years.
- **Bidder #43** – *PPA Proposal for Wind Generation (Bid 43-4)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's

load by the proposed Guaranteed Start Date. Electrical infrastructure and transmission network upgrades require significant construction and regulatory approvals.

- **Bidder #44** – *PPA Proposal for Solar and Hybrid Solar and Energy Storage (Bid 44-1.1, 44-1.2, 44-1.3, and 44-2)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is at least 5 years.
- **Bidder #54** – *PPA Proposal for Hybrid Solar and Energy Storage (Bid 54-1)*: Bidder submitted its generator interconnection application into PNM Cluster #16. The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date.
- **Bidder #61 –** *PPA Proposal for Solar Project (Bid 61-1)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is at least 5 years.
- **Bidder #63** – *PPA Proposal for Hybrid Solar and Energy Storage (Bids 63-3.1 through 63-3.8)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is at least 5 years.
- **Bidder #66** – *PPA Proposal for Hybrid Solar and Energy Storage (Bid 66-1)*: Bidder has indicated that they "cannot realistically provide a high level of detail or contract-level inputs and commitments at this time." Numerous bid forms and items of data required for comparative bid evaluation were not submitted. This proposal, therefore, does not satisfy the minimum requirements / proposal prerequisites under the RFP.
- **Bidder #71** – *PPA Proposal for Solar Projects (Bids 71-1.1 and 71-1.2)*: Bidder has not yet submitted an interconnection application. The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date.
- **Bidder #73 –** *PPA Proposal for Solar and Hybrid Solar and Energy Storage (Bid 73-4)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the May 1, 2027 proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is considered high risk. Bidder will have the option to offer this project for a May 1, 2028 Guaranteed Start Date.
- **Bidder #77** – *PPA Proposal for Hybrid Solar and Energy Storage (Bid 77-1)*: The proposal does not include sufficient justification or documentation that the quoted capacity can be delivered to PNM's load by the proposed Guaranteed Start Date. Expected timeline for necessary transmission network upgrades is at least 5 years.
- **Bidder #82** – *Build-Transfer Proposals for Hybrid Solar and Energy Storage (Bid 82-1.3)*: Bidder was not able to produce the necessary New Mexico Contractor's License.

It should be clear that other Proposals offered by any of these Bidders will remain under consideration through Phase 2 of the Proposal evaluation process, as applicable. Bidders #13, #20, #22, #24, #36, #37, #42, #44, #54, #61, #66, #71, and #77, however, will be removed from consideration as the bids outlined above are the only Proposals offered by these Bidders.

Upon removal of these Proposals, the RFP process will continue to evaluate 111 project variants from 26 Bidders and 38 projects as represented in Table 3-1.

Table 3-1. Summary of Proposals Passing Phase 1 Screening Evaluation.

Technology	Contracting Structure						Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	EPC	APA	Other	Quantity	MW	MWh
Wind	4	-	-	-	-	-	4	600	-
Solar	10	-	-	-	-	-	10	1,925	-
ESS	-	41	-	1	-	-	42	-	22,760
Solar + ESS	43	-	-	1	-	-	44	7,098	17,237
DSR	-	-	-	-	-	1	1	7	-
Gas - Aero	2	-	-	4	-	-	6	776	-
Gas - Frame	4	-	-	-	-	-	4	643	-
Gas - RICE	-	-	-	-	-	-	-	-	-
Coal	-	-	-	-	-	-	-	-	-
Market	-	-	-	-	-	-	-	-	-
Total	**63**	**41**	**-**	**6**	**-**	**1**	**111**	**11,049**	**39,997**

Phase II Bid Evaluation Summary

PNM Exhibit RWN-7

Is contained in the following 16 pages.

2026-2028 Generation Resources RFP

Phase 2 Bid Evaluation Summary

For May 1, 2028 Resources

Revision 0

April 25, 2024

TABLE OF CONTENTS

1 INTRODUCTION

Public Service Company of New Mexico ("PNM") a wholly owned subsidiary of PNM Resources, Inc., issued its 2026-2028 Generation Resources Request for Proposals (the "2026-2028 RFP") on November 3, 2022 for the supply of up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028 of firm capacity resources to serve its New Mexico system. The exact quantity of resources selected and the timing of implementation of the resources will be dependent upon resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. All resources selected from this RFP process are subject to New Mexico Public Regulation Commission ("Commission") approval. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028. This Phase 2 report addresses the evaluation of resources submitted for the May 1, 2028 Guaranteed Start Date ("GSD"). Resources for a May 1, 2026 GSD were evaluated separately with a Phase 2 report previously issued for these resources. Evaluation of resources for a May 1, 2027 GSD were placed on hold in February 2024 and Bidders were offered the opportunity to present these offers for the May 1, 2028 GSD as will be further discussed in this report.

The 2026-2028 RFP is focused on securing resources that support PNM's transition to a zero-carbon energy future by 2040 while fulfilling PNM's obligation to serve its customers with reliable, low cost energy, in an environmentally responsible manner. No resource type or project ownership structure was specifically requested, preferred, or excluded by PNM in response to the 2026-2028 RFP. However, for the 2028 resources, Bidders were required to provide sufficient documentation that the quoted resources could deliver capacity and energy to PNM on a guaranteed basis by May 1, 2028.

The 2026-2028 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM has received and is evaluating proposals ("Proposals") for renewable, storage, demand-side, and thermal resources as well as combinations of each from participating bidders (each a "Bidder").

This summary report is a follow-up to, and continuation of, the Proposal Evaluation Methodology document initially issued on January 11, 2023 and the Phase 1 Bid Evaluation Summary issued on August 14, 2023 for both 2027 and 2028 resources. This report provides an overview of the Phase 2 evaluation process for 2028 resources as well as the shortlist of Proposals selected as a result of the Phase 2 evaluation. The Phase 2 evaluation was completed in accordance with the Proposal Evaluation Methodology document.

2 SUMMARY OF PHASE 2 BIDS

As noted in the Phase 1 Bid Evaluation Summary document, 111 project variants from 26 Bidders and 38 projects were carried into the Phase 2 bid evaluation process for both 2027 and 2028 resources. Notifications were provided to the unsuccessful Bidders screened from the Phase 1 bid evaluation process on August 23, 2023.

As part of the Phase 1 process conclusion and notifications, Bidders that had offered Proposals for only a 2027 GSD and that were screened out due to transmission-related schedule concerns but were viewed

as being viable for a 2028 GSD were requested to advise if they would like their 2027 Proposal to also be considered for a 2028 GSD. This scenario applied to two Bidders and both identified that they did desire to have their Proposals considered for a 2028 GSD.

For fairness of the RFP evaluation process, the RFP Evaluation Team did review all of the Proposals that were offered solely for a 2027 GSD and that were screened out during the Phase 1 evaluation to determine if any other projects could viably be considered for a 2028 GSD. Due to the associated interconnection and transmission upgrade requirements and timelines, no other Proposals were considered as viable for shifting to a 2028 GSD.

In February 2024, the evaluation of RFP resources offered for a May 1, 2027 GSD was placed on hold. A notification to all Bidders that had passed the Phase 1 evaluation was issued on February 6, 2024. This notification invited Bidders that had offered a 2027 resource to extend and resubmit their proposal for consideration for a May 1, 2028 GSD. Bidders who had offered an original proposal for a May 1, 2028 GSD were also invited to provide a bid refresh.

In response to the 2028 bid update and refresh process, some Bidders offered new Proposals for varying contract term lengths or project sizes. In an effort to maintain the integrity of the original RFP process, these additional proposals were not considered in the Phase 2 evaluation in accordance with the instructions issued in the February notification which indicated that "Proposal refreshes/updates shall only be submitted and accepted for the projects and associated sizes originally submitted in response to the RFP. No new proposals will be accepted."

As a result of the above update and refresh process, the Proposals under consideration for the Phase 2 evaluation for 2028 resources included 74 project variants from 25 Bidders and 37 projects. This represents the removal of 40 Proposals from the combined list of 2027 and 2028 resources that passed the Phase 1 screening analysis and the addition of 3 Proposals that, per the discussion above, were originally screened out in the Phase 1 evaluation as a 2027 resource but were subsequently offered for a 2028 GSD. The reasons for removal of the 40 Proposals are as follows:

- 28 Proposals were originally presented with duplicate offers for both a 2027 and a 2028 GSD. As such, the 2027 GSD Proposals were removed in favor of consideration of the 2028 offers.
- 3 Proposals were selected under this RFP for placement into service by May 1, 2026 and were therefore removed from consideration for 2028.
- 2 Proposals were withdrawn by the Bidder from further consideration within the RFP.
- 3 Proposals were refreshed without an alternative pricing structure. The base pricing structure offers have been retained for consideration as a 2028 resource.
- 2 Proposals were removed as the Bidder indicated that they could no longer satisfy the May 1, 2028 GSD requirement.
- 2 Proposals were not refreshed. This Bidder originally offered 4 stand-alone solar and 4 hybrid solar with storage Proposals of varying sizes and the largest size of each of these combinations was not refreshed as a 2028 resource.

The resultant Proposals carried into the Phase 2 evaluation are summarized in Table 2-1.

Table 2-1. Summary of 2028 Proposals Considered in the Phase 2 Evaluation.

Technology	Contracting Structure						Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	EPC	Utility Self-Build	Other	Quantity	MW	MWh
Wind	3	-	-	-	-	-	3	420	-
Solar	9	-	-	-	-	-	9	1,720	-
ESS	-	26	-	-	-	-	26	-	17,780
Solar + ESS	27	-	-	-	1	-	28	4,623	12,287
DSR	-	-	-	-	-	1	1	7	-
Gas - Aero	1	-	-	2	-	-	3	388	-
Gas - Frame	4	-	-	-	-	-	4	622	-
Gas - RICE	-	-	-	-	-	-	-	-	-
Coal	-	-	-	-	-	-	-	-	-
Market	-	-	-	-	-	-	-	-	-
Total	**44**	**26**	**-**	**2**	**1**	**1**	**74**	**7,780**	**30,067**

While Table 2-1 provides a summary of the total generation and storage available from all of the 2028 project variants evaluated in the Phase 2 evaluation, Table 2-2 provides a summary of the total capacities available by technology considering the maximum capacity offered from each project site.

Table 2-2. Total 2028 Resource Capacity Proposed by Technology.

Technology	Generation Capacity	Storage Capacity
	MW	MWh
Wind	330	-
Solar	3,783	-
ESS	4,042	15,867
DSR	6.5	-
Gas - Aero	349	-
Gas - Frame	166	-
Coal	-	-
Market	-	-
Total	**8,677**	**15,867**

Proposals received in response to the 2026-2028 RFP for 2028 resources included Proposals from 5 Bidders on 6 separate project sites that were located or partially located on Navajo Nation lands. All of these Proposals were carried into the Phase 2 bid evaluation. These projects and the associated bid variants are summarized in Table 2-3. In total, the capacity available from these resources, accounting for the maximum capacity available from each site, equates to 825 MW of solar generation, 2,850 MWh of energy storage capacity, and 115 MW of natural gas fired generation.

Table 2-3. Summary of 2028 Phase 2 Proposals on Navajo Nation Land.

Technology	Contracting Structure		Proposals	Generation Capacity	Storage Capacity
	PPA	EPC	Quantity	MW	MWh
Solar	-	-	-	-	-
Wind	-	-	-	-	-
Solar + ESS	6	-	6	1,075	3,350
ESS	1	-	1	-	1,600
Natural Gas	1	-	1	115	-
Total	**8**	**-**	**8**	**1,190**	**4,950**

Proposals from 9 Bidders on 11 separate project sites that were located within or partially within the Central Consolidated School District ("CCSD") were carried into the Phase 2 evaluation. These projects and the associated bid variants are summarized in Table 2-4. In total, the capacity available from these resources, accounting for the maximum capacity available from each site, equates to 1,157 MW of solar generation, 150 MW of wind generation, 4,310 MWh of energy storage capacity, and 349 MW of natural gas fired generation.

Table 2-4. Summary of 2028 Phase 2 Proposals in the Central Consolidated School District.

Technology	Contracting Structure			Proposals	Generation Capacity	Storage Capacity
	PPA	EPC	Utility Self-Build	Quantity	MW	MWh
Solar	5	-	-	5	520	-
Wind	2	-	-	2	240	-
Solar + ESS	9	-	1	10	1,507	4,930
ESS	2	-	-	2	-	3,040
Natural Gas	1	1	-	2	349	-
Total	**19**	**1**	**1**	**21**	**2,616**	**7,970**

3 PHASE 2 EVALUATION

The Phase 2 evaluation efforts were focused on evaluating the available Proposals and narrowing the Proposals to a shortlist based on total evaluated, delivered cost, the overall viability of Proposals with respect to their ability to achieve commercial operation by the May 1, 2028 Guaranteed Start Date, and overall compliance with the objectives of NMSA 1978, Section 62-13-16, the REA, and the IRP Rule.

The Phase 2 evaluation spanned the time from June 7, 2023 through April 25, 2024 and included further evaluation and development of the bid comparison template, with additional input from PNM subject matter experts ("SMEs"). As part of this process, and considering the evaluation of resources originally offered for the May 1, 2027 Guaranteed Start Date, the RFP Administration Team received responses to a round of clarification questions that were issued to the 2027 resource Bidders on July 19, 2023 as well as responses to a request for "best and final" pricing offers issued on October 13, 2023. Subsequently, in response to PNM's request for a May 1, 2028 Guaranteed Start Date bid refresh, the RFP Administration Team received updated Proposals as well as responses to an additional round of questions clarifying the refreshed and updated Proposal information in February and March 2024, respectively.

As part of the Phase 2 evaluation process, the RFP Administration team further developed the bid comparison template as well as the financial evaluation of the projects. The bid comparison document established as of the time of the selection of the Phase 2 shortlist has been documented for record purposes as "Confidential PNM 2028 RFP Bid Summary Document (20240425).xlsx". Further development of the bid comparison template will be completed through completion of shortlist Bidder meetings and ongoing clarifications through the Phase 3 evaluation.

Note that the bid comparison document does incorporate evaluation inputs from the EPC Support Team for characteristics and operations and maintenance costs for both EPC projects and the utility self-build project as further discussed in Section 3.2 below as well as inputs from PNM's Transmission Planning team as further discussed in Sections 3.2 and 3.3 below.

3.1 LEASE LIABILITY CONSIDERATIONS

In April 2023, PNM identified a concern with the fixed capacity payment structure that was being applied to the stand-alone battery energy storage projects and the battery energy storage components of hybrid solar / storage projects. It was identified that the fixed capacity payment structure (priced on a $/kW-month basis) would result in an on-balance sheet lease liability under new accounting standards changed in 2019 (ASC 842) and discussions with the credit rating agencies informed PNM these liabilities would likely be reclassified as debt by S&P when assessing PNM's credit metrics. In an effort to avoid this debt accounting and to ensure treatment of the executed agreements as operational leases under the Financial Accounting Standards Board, Accounting Standards Codification, the RFP team subsequently issued a question to all of the ESA bidders that had responded to the RFP to determine if they could support pricing on a volumetric (or variable) energy pricing basis (priced on a $/MWh delivered). This request was issued during the Phase 1 evaluation period of this RFP to all twenty-six (26) of the Bidders that were offering either stand-alone storage or storage in conjunction with a hybrid solar project for either 2027 or 2028 resources. However, as the bid pricing and bid pricing structure

was not established as a Phase 1 screening criteria under the RFP, the responses and results were not considered until the Phase 2 bid evaluation process.

In response to this request, a variety of responses were received as summarized below.

(1) Those that were determined to still result in an on-balance sheet lease liability which would likely result in the reclassification of this liability as debt by S&P when assessing PNM's credit rating, including,

- Five (5) stand-alone storage ESA Bidders that indicated that their proposals would require a minimum offtake commitment; and
- One (1) Bidder offering both stand-alone and hybrid storage that indicated that they were unable to offer energy based pricing.

On October 13, 2023, a subsequent clarification question was issued to these Bidders again allowing the opportunity to offer proposals for alternative pricing structures that could avoid the lease liability treatment. The results of this second request are summarized as follows:

- One (1) stand-alone storage ESA Bidder offered a volumetric pricing structure but required that they fully control the dispatch of the ESS system; they also retained a fixed pricing structure with a variable component for a proposed term of 18 years in an attempt to better comply with operating lease criteria.
- One (1) stand-alone storage ESA Bidder offered a fixed capacity payment for the duration of the term with a "put" option under which the Seller could decide to offer energy and ancillary service in any given year; the Bidder also retained a fixed pricing structure with a variable component for a proposed term of 20 years.
- One (1) stand-alone storage ESA Bidder presented alternative structures including affording the Seller to substitute the energy storage equipment with replacement equipment during the term of the agreement or affording them the right to offer the project into the EIM market when not committed by PNM; the Bidder also retained a fixed pricing structure with a variable component for a proposed term of 20 years.
- One (1) stand-alone storage ESA Bidder presented only a fixed pricing structure for a proposed term of 20 years.
- One (1) Bidder offering both stand-alone and hybrid storage did not provide a best and final offer for the stand-alone storage project. This Bidder did include a volumetric pricing structure for the hybrid storage offer; and
- One (1) Bidder offering both stand-alone and hybrid storage indicated that they were unable to offer volumetric pricing.

(2) Those that would most likely avoid an on-balance sheet lease liability, including,

- Eighteen (18) hybrid solar + storage project Bidders that offered some form of either combined solar + storage volumetric pricing and/or separate energy storage pricing based upon a volumetric pricing structure tied to the co-located solar generation. (Note that one of these Bidders is also included in (1) above for its stand-alone energy storage offer.)

- One (1) Bidder that offered stand-alone storage behind existing solar interconnections willing to offer volumetric pricing tied to the co-located solar; this Bidder was also willing to provide volumetric pricing for its proposed hybrid solar + storage proposals; and
- One (1) hybrid solar + storage project Bidder that offered a volumetric pricing structure but indicated that they were not confident that this would be financeable and therefore potentially not valid.

After the Phase 1 screening, on October 13, 2023, a subsequent request for "best and final" offers was issued to the 2027 and 2028 Bidders remaining after the Phase 1 screening. A summary of the remaining positions on the availability of volumetric pricing for the hybrid solar + storage projects is as follows:

- Eleven (11) hybrid solar + storage project Bidders offered some form of either combined solar + storage volumetric pricing and/or separate energy storage pricing based upon a volumetric pricing structure tied to the co-located solar generation. (Note that one of these Bidders is also included in (1) above for its stand-alone energy storage offer.)
- One (1) Bidder that offered stand-alone storage behind existing solar interconnections willing to offer volumetric pricing tied to the co-located solar; this Bidder was also willing to provide volumetric pricing for its proposed hybrid solar + storage proposals. It is noted that the stand-alone storage projects behind existing solar interconnections were selected for implementation as 2026 resources under this RFP and are therefore not available for consideration as 2028 resources; and
- One (1) hybrid solar + storage project Bidder that offered a volumetric pricing structure but indicated that they were not confident that this would be financeable and therefore potentially not valid.

(3) Those who did not respond to the request, including,

- One (1) hybrid solar + storage project Bidder that did not respond.

The proposed pricing adjustments quoted by the bidders to account for the perceived increased risk associated with a volumetric energy pricing structure varied from those with a negligible adjustment to those with as high as a forty percent (40%) increase.

For the Phase 2 evaluation of 2028 resources, the shortlist evaluated and carried both the original fixed capacity pricing structure quoted for the energy storage projects as well as the volumetric pricing structure. In this manner, should PNM receive further clarity regarding the implications of the new accounting standards and the potential impacts of on-balance sheet lease liability, both sets of evaluated pricing would be available for detailed evaluation and confirmation of lowest cost resources during Phase 3. No Bidders were excluded from further evaluation solely as a result of not providing pricing on a volumetric pricing basis.

3.2 PHASE 2 FINANCIAL EVALUATION

The Phase 2 evaluation relied heavily on the bid comparison template outlined within the Proposal Evaluation Methodology document and the financial analysis incorporated into the tool. The financial

analysis was structured to establish both a levelized total cost of delivered energy as well as a levelized total cost of capacity ("LCOC") based upon the determination of an effective load carrying capability ("ELCC") for each Proposal. The costs considered were consistent with those outlined in the Proposal Evaluation Methodology document and were as more fully described below.

3.2.1 Project Capital Costs

Levelized capital recovery costs were established for each project and accounted for the capital costs to develop and construct the projects. For EPC projects, the capital costs were provided by the Bidders and validated or adjusted by the EPC Support Team to account for any gaps in the quoted pricing. One of the hybrid solar and storage Proposals identified as an EPC project was a utility self-build project offered by PNM. The total project capital costs for this project were provided by PNM and reviewed by the EPC Support Team who provided the compiled capital costs to the RFP Evaluation Team to be evaluated in a manner consistent with all other RFP Proposals. The majority of capital costs associated with PPA and ESA Proposals were accounted for in the Bidders' proposed pricing.

Additional capital costs incorporated into the total levelized cost evaluation included PNM's costs ("Owner's Costs") that incorporated input from PNM's subject matter experts regarding appropriate cost values for permitting, development, administration, oversight, and interest during construction as applicable to each commercial structure. Other capital costs included electrical transmission interconnection and network upgrade costs to allow for delivery of the energy to PNM's system (and from PNM's system in the case of an energy storage project). Accounting for New Mexico Gross Receipts Taxes was also confirmed with all Bidders to verify that the appropriate costs were accounted for in the total evaluated cost. Any additional costs not included in the Bidders' Proposals were added into the financial evaluation as a capital cost for PNM.

An annual levelized capital recovery cost was developed for each project for recovery of these costs in accordance with PNM's economic revenue requirements methodology for a 20 year evaluation term. The capital recovery cost accounted for the property taxes applicable to the county in which the project resided. For the EPC natural gas fired projects, cost recovery was calculated assuming a shorter, 12 year life for 2028 resources, to assess the implications of retirement of these projects prior to 2040 to comply with PNM's zero-carbon emissions goals. Future conversion to non-carbon based fuels with operation beyond 2040 remains an option for these Proposals as well.

3.2.2 Electrical Transmission / Interconnection Costs

Each Bidder was requested to identify the expected costs for electrical interconnection to PNM's system as well as any required network upgrades and transmission fees to allow for transmission of the energy from the project (and to the project in the case of an energy storage project). As some Bidders had not yet received feedback from the interconnection studies associated with their project(s), the RFP Administration Team relied upon information submitted with the Proposals as well as insights and input from PNM's Transmission Planning team regarding capital costs expected to be necessary to interconnect or deliver energy from the proposed projects on a firm capacity basis. These estimated costs were incorporated into the financial evaluation.

For projects carried into the Phase 2 evaluation that required the services of a third-party transmission provider to deliver energy to PNM's system, the wheeling fees were either accounted for in the Bidder's

proposed pricing or were added into the evaluation to derive a total evaluated delivered cost of energy, as applicable.

Additionally, based upon feedback from PNM's Transmission Planning team, for projects at a distance from the Albuquerque load center, a transmission line loss of 5.04 percent was considered for projects in Hidalgo, Grant, Sierra, De Baca and Union counties as well as projects located in Arizona. Similarly, due to significant transmission system counterflow from wind generation in San Juan and Rio Arriba counties, a reduced line loss of 4 percent was considered.

3.2.3 Project Operations and Maintenance Costs

Project operations and maintenance ("O&M") costs for all PPA and ESA Proposals were assumed to be fully included in the Bidders' Proposals. For the EPC Proposals, including the PNM self-build hybrid project, the EPC Support Team provided an estimate of operations and maintenance costs and such were incorporated into the bid comparison tool and the financial analysis. For the energy storage projects, these EPC O&M costs accounted for long-term service and capacity maintenance agreement costs over a 20 year life as well as regular predictive and preventative maintenance, repair, and replacement activities, including staff as appropriate. For the EPC natural gas projects, these O&M costs included estimated long-term service agreement costs as proposed by the Bidder, staffing, consumables, parts replacement, balance of plant equipment maintenance and repair, as well as permitting, general administrative costs and insurance. For the natural gas projects offered under a PPA, the O&M costs were incorporated into the fixed and variable charges offered under the PPA in conjunction with a cost per start charge.

3.2.4 Fuel Supply Costs

For the natural gas fueled Proposals, the cost of delivered fuel accounted for the specific sources of fuel and the infrastructure required to deliver the fuel to each applicable site. As a basis of natural gas commodity pricing, the evaluation utilized gas commodity forecasts consistent with PNM's Integrated Resource Planning process with first year costs as identified in the Proposal Evaluation Methodology document.

In addition to the commodity pricing, the evaluation included a firm transport cost which accounted for any required capital recovery component associated with the installation of any infrastructure required to deliver the gas to the noted site. Estimates for the firm transport cost were developed from prior quotes that PNM had received as well as from past investigations by the PNM Wholesale Power Marketing department.

While the natural gas fueled Proposals did discuss the future ability to utilize alternative hydrogen fuel sources, the shortlist evaluation relied upon a 12 year project life with operation on natural gas.

3.2.5 Energy Storage Charging Costs

For the Phase 2 evaluation, to evaluate the stand-alone storage projects in conjunction with the hybrid storage projects on an equivalent cost of capacity basis, the cost of energy storage charging was not considered for initial comparison. As the evaluation moves into Phase 3, actual charging costs at the time of charging will be incorporated through the completion of portfolio system modeling.

3.2.6 Dispatch Assumptions

Dispatch assumptions utilized for the evaluation were consistent with the Proposal Evaluation Methodology document.

3.3 PROJECT SCHEDULE

Through the bid clarification questions, PNM requested that all Bidders confirm that they could satisfy a May 1, 2028 Guaranteed Start Date if they received a full notice to proceed and the project received Commission approval as late as September 30, 2025. All Bidders confirmed compliance with this timeline with the exception of one Bidder with two Proposal variants that indicated that, due to transmission interconnection study updates, their project would no longer be available to comply with a May 1, 2028 Guaranteed Start Date.

In addition to Bidders' input on their ability to achieve the proposed schedule, the PNM Transmission Planning team also evaluated the necessary timelines for development and construction of any necessary interconnection facilities or transmission network upgrades to deliver energy from the projects quoted. This analysis was based on both the Bidders' status in PNM's interconnection queue as well as the magnitude of upgrades required to support the project. Much of this initial interconnection assessment was completed during the Phase 1 bid evaluation process. However, a few projects did require further review through the Phase 2 evaluation process. As a result of continuing analysis and clarifications, three additional projects were removed from 2028 Phase 2 shortlist consideration as a result of the status of their interconnection process and the associated timeline expectations.

3.4 EMISSIONS

All new natural gas fueled projects considered for the shortlist include low emissions combustion technologies supplemented with both selective catalytic reduction ("SCR") for nitrogen oxide ("NOx") emissions as well as oxidation catalysts for carbon monoxide ("CO") and volatile organic compound ("VOC") reduction.

Hydrogen fuel combustion has been identified as a future alternative for all of the combustion turbine Proposals offered but has not been considered as a basis of evaluation.

One natural gas PPA is offered as an extension to an existing PPA that expires in 2028. This proposal involves operation under an existing environmental permit based upon the utilization of low emissions combustion technology.

3.5 RENEWABLE GENERATION / ENERGY STORAGE TAX CREDIT CONSIDERATIONS

As there was one hybrid solar + storage utility self-build project carried into the Phase 2 evaluation located within San Juan County, the financial modeling for this project considered a Federal Production Tax Credit benefit associated with the solar component of the project and a base 30 percent Investment Tax Credit associated with the energy storage component of the project as allowed per the Inflation Reduction Act of 2022 ("IRA") with consideration of a supplemental 10 percent Energy Community bonus credit under the IRA. This offer was the self-build offer proposed by PNM.

All remaining renewable PPA projects and energy storage projects relied on some measure of qualification for tax credits and accounted for these in their proposed pricing. The level of qualification

varied amongst the Bidders based upon their use of either Production Tax Credits, as applicable to renewable generation projects, or Investment Tax Credits, as applicable to both renewable generation and energy storage projects. Furthermore, some of these projects indicated a reliance on bonus credits under the IRA for projects located within an energy community and/or satisfying the IRA domestic content requirements. Still others indicated that their project would rely on Industrial Revenue Bonds and/or Payments in Lieu of Taxes ("PILOT") to benefit the economics of the project.

Due to some remaining uncertainty regarding the availability, or applicability, of the above tax benefits, bid clarifications were issued to the Bidders in an effort to clarify whether (a) their price would require adjustment if any of the assumed tax benefits were not realized, (b) they were willing to accept the bid price risk if any of the assumed tax benefits were not realized, or (c) if the Proposal did not account for certain tax benefits, if they would be willing to share the pricing benefits of any subsequently received tax credit. These responses and associated pricing adjustments were defined and documented in the Phase 2 evaluation.

3.6 APPRENTICESHIP EMPLOYMENT CONSIDERATIONS

To verify Bidders' intentions to comply with NMSA 1978, Section 62-13-16 regarding the hiring of at least 25 percent apprentices for facilities that generate electricity, beginning construction after January 1, 2026, all Bidders were requested to confirm in the RFP Proposal data forms and some were requested to confirm through bid clarifications that they would comply with this requirement. All Bidders indicated that they would comply with this requirement. Some Bidders had established programs for sourcing apprentices while some indicated that they would rely on their construction contractor to source the apprentices.

3.7 PROPOSAL RANKING MATRIX

As described in the Proposal Evaluation Methodology document, a Shortlist Scoring Matrix was prepared as an evaluation tool to identify and comparatively rank projects of similar technologies with respect to both price and non-price factors and risks. The ranking matrix was structured as a weighted scoring matrix consisting of the following major scoring categories:

- Commercial Conditions;
- Creditworthiness;
- Team Qualifications;
- Project Engineering;
- Social, Environmental & Siting; and
- Interconnection/Performance.

The Shortlist Scoring Matrix was utilized in the Phase 2 evaluation to refine and assess the full scope of price and non-price factors in accordance with the identified weightings and factors and to establish the shortlist of projects to be carried to the Phase 3 evaluation.

The shortlist of projects involves the selection of best-in-class proposals within the technologies offered. Assessment and selection of specific generation technologies will be left to the more extensive system planning and modeling efforts which will consider how the technologies and project characteristics best integrate into PNM's generation portfolio.

4 PHASE 2 SHORTLIST SELECTION

4.1 SATISFACTION OF SHORTLIST OBJECTIVES

As outlined in the Proposal Evaluation Methodology document, there were several objectives for establishing the Phase 2 shortlist. These objectives are reiterated here with a description as to how each of these was fulfilled.

1) **To the extent that Bids satisfy the RFP requirements and pass the Phase 1 criteria, the shortlist should maintain the most favorable Bids in each generation technology category.**

Of the projects that passed the Phase 1 screening requirements and that continued to be deemed viable through the Phase 2 bid evaluation for a May 1, 2028 Guaranteed Start Date, the most favorable and viable bids from the below technologies were selected and retained. These included:

- Wind
- Energy storage
- Combined solar and energy storage solutions
- Aeroderivative combustion turbines
- Frame combustion turbines

Due to the low effective load carrying capability associated with stand-alone solar and the significant quantity of solar within PNM's system, stand-alone solar projects were not shortlisted.

The demand-side resource available as a 2028 resource was withdrawn from the RFP process by the Bidder in April 2024.

2) **To the extent that Proposals satisfy the RFP requirements and pass the Phase 1 criteria, the shortlist should generally maintain offerings in each technology category with sufficient capacity to deliver the full requested capacity, if available.**

When sufficient resources were proposed in response to the RFP, this objective was satisfied. In some instances, there were insufficient Proposals offered to comply with this objective. However, in the case of hybrid solar and storage as well as stand-alone storage, multiple projects were shortlisted from these technologies to maintain redundancy of Proposals for contract negotiation and competitiveness purposes.

3) **The shortlist will retain separate "best-in-class" generation projects on Navajo Nation lands in consideration of the just energy transition for the potential early exit of the Four Corners Power Plant.**

Two (2) hybrid solar + storage projects have been retained in the Navajo Nation totaling 300 MW of solar generation and 1,800 MWh of energy storage capacity. A stand-alone battery storage project associated with one of these projects was also retained with a capacity of 400 MW and 1,600 MWh. The remaining Navajo Nation projects were not viewed as viable upon completion of the Phase 2 evaluation.

4) **The shortlist will retain separate "best-in-class" generation projects within the CCSD.**

Projects retained in or partially within the Central Consolidated School District include 1 aeroderivative gas turbine project of 234.5 MW capacity, 1 stand-alone battery storage project of 400 MW and 1,600 MWh of capacity (also located in the Navajo Nation), and 4 hybrid solar + storage project variants from 3 Bidders totaling 570 MW of available solar generation and 2,320 MWh of energy storage capacity.

5) **The shortlist should avoid including Proposals that include any "fatal flaws" considering experience, development status, transmission system viability, and/or incomplete Proposals.**

The shortlist has not selected any projects with known "fatal flaws." Some projects will require further validation and investigation regarding risks associated with permitting, land acquisition, their implementation schedule as well as transmission system requirements.

6) **The shortlist should retain offerings that reduce the total delivered cost of electricity.**

The RFP Administration Team selected viable Proposals for the Phase 2 shortlist that ranked highest on a total evaluated, levelized, delivered cost of energy as well as those that ranked the highest on a total evaluated, levelized, delivered cost of accredited capacity.

4.2 SHORTLISTED PROJECTS

In response to the above shortlist objectives and on the basis of financial rankings, selection of projects from each available technology category, deliverability and schedule viability, and Bidders' approaches to complying with the objectives of NMSA 1978, Section 62-13-16, the REA, and the IRP Rule, the projects summarized in Table 4-1 were selected as the 2028 resource shortlist from the 2026-2028 RFP and will be carried into the Phase 3 bid evaluation.

Table 4-1. Summary of Shortlisted 2028 Proposals Selected from Phase 2 Evaluation.

Technology	Contracting Structure						Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	EPC	Utility Self-Build	DSR	Quantity	MW	MWh
Wind	1	-	-	-	-	-	1	180	-
Solar	-	-	-	-	-	-	-	-	-
ESS	-	9	-	-	-	-	9	-	4,520
Solar + ESS	9	-	-	-	1	-	10	1,350	4,952
DSR	-	-	-	-	-	-	-	-	-
Gas - Aero	-	-	-	2	-	-	2	274	-
Gas – Frame	2	-	-	-	-	-	2	318	-
Market	-	-	-	-	-	-	-	-	-
Coal	-	-	-	-	-	-	-	-	-
Total	**12**	**9**	**0**	**2**	**1**	**0**	**24**	**2,122**	**9,472**

Upon selection of the Phase 2 shortlist, the RFP process will continue to evaluate 24 project variants from 12 Bidders and 17 projects. Of these shortlisted projects, 2 hybrid solar + storage projects have been retained in the Navajo Nation totaling 300 MW of solar generation and 1,800 MWh of energy storage capacity with one 1,600 MWh stand-alone energy storage project also included. Projects retained in or partially within the Central Consolidated School District include 1 battery energy storage project of 1,600 MWh capacity, 1 aeroderivative gas turbine project of 234.5 MW capacity, and 4 hybrid solar + storage project variants from 3 Bidders totaling 570 MW of available solar generation and 2,320 MWh of energy storage capacity.

While Table 4-1 provides a summary of the total generation and storage available from all of the shortlisted project variants, Table 4-2 provides a summary of the total capacities available by technology considering the maximum capacity offered from each project site.

Table 4-2. Total 2028 Resource Capacity Shortlisted by Technology.

Technology	Generation Capacity	Storage Capacity
	MW	**MWh**
Wind	180	-
Solar	1,250	-
ESS	1,658	6,632
DSR	-	-
Gas - Aero	274	-
Gas - Frame	166	-
Total	**3,528**	**6,632**

Phase III Bid Evaluation Summary

PNM Exhibit RWN-8

Is contained in the following 10 pages.

2026-2028 Generation Resources RFP

2028 Resource Phase 3 Bid Evaluation Summary

Revision 0

August 20, 2024

TABLE OF CONTENTS

1 INTRODUCTION

Public Service Company of New Mexico ("PNM") a wholly owned subsidiary of PNM Resources, Inc., issued its 2026-2028 Generation Resources Request for Proposals (the "2026-2028 RFP") on November 3, 2022 for the supply of up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028 of firm capacity resources to serve its New Mexico system. The exact quantity of resources selected and the timing of implementation of the resources were to be dependent upon resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. All resources selected from this RFP process are subject to New Mexico Public Regulation Commission ("Commission") approval. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028. This Phase 3 report addresses the evaluation of resources submitted for the May 1, 2028 Guaranteed Start Date ("GSD"). Resources for a May 1, 2026 GSD were evaluated separately with a Phase 3 report and filing with the Commission previously issued for these resources in October 2023. Evaluation of resources for a May 1, 2027 GSD were placed on hold in February 2024 and Bidders were offered the opportunity to present these offers for the May 1, 2028 GSD.

The 2026-2028 RFP is focused on securing resources that support PNM's transition to a zero-carbon energy future by 2040 while fulfilling PNM's obligation to serve its customers with reliable, low cost energy, in an environmentally responsible manner. This 2026-2028 RFP required that all Proposals provide sufficient documentation and proof that the resource could deliver new, incremental capacity to PNM by the Guaranteed Start Date offered in the proposal and that proposals not complying with this requirement or not defining a functional implementation schedule would be excluded from further consideration. No resource type or project ownership structure was specifically requested, preferred, or excluded by PNM in response to the 2026-2028 RFP.

The 2026-2028 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM received and evaluated proposals for renewable, storage, demand-side, and thermal resources as well as combinations of each from participating bidders.

This summary report is a follow-up to, and continuation of, the Proposal Evaluation Methodology documents initially issued on January 11, 2023, the Phase 1 Bid Evaluation Summary issued on August 14, 2023 for both 2027 and 2028 resources, and the Phase 2 Bid Evaluation Summary issued on April 25, 2024 specific to bids offered for the May 1, 2028 Guaranteed Start Date. This report summarizes the Phase 3 evaluation process and selection of final bids for contract negotiations for a May 1, 2028 Guaranteed Start Date.

2 SUMMARY OF PHASE 3 BIDS

As noted in the Phase 2 Bid Evaluation Summary document, 24 project variants from 12 bidders and 17 projects were carried into the Phase 3 bid evaluation process. Those proposals are summarized in Table 2-1 below.

Table 2-1. Summary of Shortlisted Proposals Selected from Phase 2 Evaluation.

Technology	Contracting Structure						Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	EPC	Utility Self-Build	DSR	Quantity	MW	MWh
Wind	1	-	-	-	-	-	1	180	-
Solar	-	-	-	-	-	-	-	-	-
ESS	-	9	-	-	-	-	9	-	4,520
Solar + ESS	9	-	-	-	1	-	10	1,350	4,952
DSR	-	-	-	-	-	-	-	-	-
Gas - Aero	-	-	-	2	-	-	2	274	-
Gas - Frame	2	-	-	-	-	-	2	318	-
Market	-	-	-	-	-	-	-	-	-
Coal	-	-	-	-	-	-	-	-	-
Total	**12**	**9**	**0**	**2**	**1**	**0**	**24**	**2,122**	**9,472**

Also as noted in the Phase 2 Bid Evaluation Summary document, of these shortlisted projects, 2 hybrid solar + storage projects have been retained in the Navajo Nation totaling 300 MW of solar generation and 1,800 MWh of energy storage capacity with one 1,600 MWh stand-alone energy storage project also included. Projects retained in the Central Consolidated School District include 1 battery energy storage project of 1,600 MWh capacity, 1 aeroderivative gas turbine project of 234.5 MW capacity, and 4 hybrid solar + storage project variants from 3 bidders totaling 570 MW of available solar generation and 2,320 MWh of energy storage capacity.

On May 9, 2024, notifications were provided to 12 non-shortlisted bidders, having proposed 31 different bid variants, indicating that they were not selected for the Phase 2 shortlist and that they would no longer be considered for the Phase 3 evaluation. In addition, notifications were provided to 4 additional bidders for which some of their projects were not shortlisted but other projects and their associated bid variants remained under consideration as part of the Phase 3 evaluation.

3 PHASE 3 EVALUATION

Upon completion of the Phase 2 evaluation, the Phase 3 evaluation was initiated with the intent to complete a more detailed assessment of the project characteristics including status of development, economics, and commercial and contracting terms. The Phase 3 evaluation efforts were focused on narrowing the shortlisted proposals to a final selection of candidates to initiate contract negotiations. The activities within the Phase 3 evaluation included the following:

- Shortlist bidder meetings including proposal presentations and clarifications,
- Bid clarifications,

- System portfolio modeling,
- Verification of ISNET Safety qualification for EPC proposals,
- Finalist selection, and
- Contract negotiation.

The Phase 3 evaluation will span the time from April 25, 2024 through the submittal of the 2028 generation resource filing expected in October 2024.

As part of the Phase 3 evaluation process, the RFP Administration team documented the final offers from the shortlisted bidders as well as the inputs submitted to PNM's resource planning team for portfolio modeling in the bid comparison template "Confidential PNM 2028 RFP Bid Summary Document (20240624).xls".

3.1 SHORTLIST BIDDER MEETINGS

Bidder interview web conferences were held with the twelve shortlisted bidders from May 17 to May 28, 2024.

The shortlisted bidder interview meetings were scheduled to allow the bidders to present their proposals and to have an open discussion with the PNM team regarding the status, benefits, and challenges associated with the projects. The meetings were also intended to allow PNM to further clarify certain RFP requirements and discuss certain technical and commercial terms proposed in the bid options. An agenda was issued prior to these meetings intended to allow a well-rounded discussion of the key project characteristics considered in the evaluation.

During the shortlist bidder meetings, some of the bidders provided updates regarding their projects which resulted in the following:

- 2 projects, each with 1 aeroderivative gas turbine bid variant, were withdrawn as the bidder could no longer support the proposed Guaranteed Start Date due to the lack of availability of major equipment on the timeline required. One of these projects was located within the Central Consolidated School District ("CCSD").
- 1 project with 2 hybrid solar and storage bid variants with approximately 20% of the project site located within the CCSD, was withdrawn as the project had been committed to another offtaker and was no longer available to fulfill the commitments proposed under this RFP.
- 1 project with 1 hybrid solar and storage bid variant had been preempted in the interconnection queue leaving insufficient network export capacity from the point of interconnection to deliver the energy to PNM's load. It was determined that the timeline to construct the necessary network upgrades would no longer support the quoted May 1, 2028 Guaranteed Start Date.
- 1 bidder offering a project that was being evaluated as both a hybrid solar and storage project as well as a stand-alone battery energy storage project advised that their stand-alone battery energy storage offer was not valid without the implementation of the co-located solar facility.

As a result of the clarifications and updates received during the shortlist bidder meetings, the resultant RFP shortlist of resources being considered within the Phase 3 evaluation was modified to that indicated in Table 3-1.

Table 3-1. Summary of Shortlisted Proposals Remaining after the Shortlist Bidder Meetings.

Technology	Contracting Structure						Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	EPC	Utility Self-Build	DSR	Quantity	MW	MWh
Wind	1	-	-	-	-	-	1	180	-
Solar	-	-	-	-	-	-	-	-	-
ESS	-	8	-	-	-	-	8	-	2,920
Solar + ESS	6	-	-	-	1	-	7	865	3,592
DSR	-	-	-	-	-	-	-	-	-
Gas - Aero	-	-	-	-	-	-	-	-	-
Gas - Frame	2	-	-	-	-	-	2	318	-
Market	-	-	-	-	-	-	-	-	-
Coal	-	-	-	-	-	-	-	-	-
Total	**9**	**8**	**0**	0	**1**	**0**	**18**	**1,363**	**6,512**

This resultant shortlist represents 18 project variants from 9 Bidders and 13 projects. Of these shortlisted projects, 2 hybrid solar + storage projects have been retained in the Navajo Nation totaling 300 MW of solar generation and 1,800 MWh of energy storage capacity. Projects retained in the Central Consolidated School District include 2 hybrid solar + storage projects from 2 Bidders totaling 300 MW of available solar generation and 1,720 MWh of energy storage capacity.

Upon review of this resultant shortlist, the shortlist selection objectives outlined in the Phase 2 report, and the other proposals considered during the Phase 2 evaluation, the RFP Administration Team determined that this shortlist of proposals continued to represent the best-in-class proposals of the available technologies received in response to the RFP and continued to evaluate these through the Phase 3 evaluation process.

3.2 BID CLARIFICATIONS

3.2.1 BID CLARIFICATIONS

After the conclusion of the shortlist bidder meetings, an additional round of bid clarification questions was issued to the shortlisted bidders to document questions raised during the bidder meetings. These clarification questions were followed by a request for "best and final" offers in June 2024. As a result of these clarification questions, two of the bidders confirmed that their previously provided pricing was still applicable, three bidders provided a reduction in pricing and four of the bidders provided an increase in pricing. These updated best and final pricing values were incorporated into the ongoing system portfolio modeling for final Phase 3 evaluation.

3.2.2 IMPUTED DEBT CONSIDERATIONS

As evaluated for the prior 2026 resource filing resulting from this RFP and continuing with the consideration of the risk of on-balance sheet lease liability for PNM associated with battery energy storage projects, PNM had requested all bidders offering an energy storage resource for a May 1, 2028 Guaranteed Start Date to provide pricing on both a fixed capacity payment structure (e.g. $/kW-mo) as well as a volumetric pricing structure (e.g. based upon a $/MWh applied to a co-located solar generation resource). The concern again was that the fixed capacity payment structure (priced on a $/kW-month basis) would result in an on-balance sheet lease liability under new accounting standards changed in 2019 (ASC 842) and that discussions with the credit rating agencies had informed PNM that these liabilities would likely be reclassified as debt by S&P when assessing PNM's credit metrics.

Of the shortlisted bidders, three (3) of the four (4) bidders offering a hybrid solar / storage project were willing to commit to a volumetric pricing structure with the energy storage pricing being based upon the production of solar energy from the co-located solar energy facility. The remaining bidder only offered pricing on a fixed capacity payment basis. The proposed pricing increases quoted by the bidders varied from approximately two percent (2%) to eleven percent (11%) to account for the perceived increased risk associated with pricing based upon a variable energy (volumetric) structure.

The remaining two (2) bidders offering stand-alone battery energy storage projects under an ESA would not commit to a volumetric pricing structure (based upon energy delivered from the BESS) without a minimum take commitment. As such, it was determined that this structure would still result in an on-balance sheet lease liability which would result in the reclassification of this liability as debt by S&P when assessing PNM's credit rating. The same held true for the hybrid project bidder above that only offered pricing on a fixed capacity payment basis.

Based upon the above information and the assessment that the volumetric pricing offered above, for those that offered it, would result in a lower cost than the fixed capacity pricing with the accounting of additional lease liability cost, the volumetric pricing was evaluated for those offers in the Phase 3 system portfolio modeling. For the remaining energy storage bids, the fixed capacity pricing was evaluated with the accounting of additional lease liability cost resulting from the associated pricing structure.

3.3 SYSTEM PORTFOLIO MODELING

In support of the detailed system portfolio modeling to be performed by PNM's resource planning team, modeling inputs for the shortlisted proposals were initially provided on March 22, 2024. Ongoing refinement of the modeling inputs as a result of ongoing shortlisting, bid clarifications, pricing structures and associated evaluations continued through June 24, 2024.

The highest-ranking projects were modeled and validated against the closest competitive bids with varying sensitivities by PNM's Resource Planning Group to understand the resource portfolio(s) that most economically satisfied PNM's future load forecast requirements, projected renewable portfolio standard requirements and projected portfolio emission standards set forth in New Mexico's Energy Transition Act legislation. In addition, evaluation of fixed capacity payment pricing structures for the ESAs with the accounting of imputed debt was performed for all ESAs while, for those hybrid solar and storage project offers that offered volumetric pricing for the ESA component, volumetric pricing without imputed debt was also considered to determine the most cost-effective portfolios.

Modeling for numerous scenarios and sensitivities was performed to determine cost and performance of various combinations of resources. After evaluating the modeling results and accounting for policy considerations, selected portfolios were modeled for reliability attainment in 2028 to ensure they meet the 1-day-in-10-year loss-of-load-expectation (LOLE) planning target of 0.1. After evaluating the capacity expansion modeling results, production cost simulations and reliability modeling, the following three scenarios are being presented herein:

- Scenario 1 – Least Cost Resource Plan
- Scenario 2 – Least Cost Resource Plan with a CCSD Resource
- Scenario 3 – Least Cost Resource Plan with a Navajo Nation Resource

Results from the modeling concluded that battery and natural gas resources would provide the best resource mix with the least cost impact to customers over the next 20-years while maintaining the desired system reliability. A preference for either a CCSD or a Navajo Nation Resource would add one hybrid solar/battery project to the least cost portfolio.

3.4 FINALIST SELECTION

Of the highest-ranking projects, the bids included in the Least Cost Resource Plan were selected based upon their presence in all three of the portfolios determined in the scenarios above, their proposed pricing, overall ranking from the bid evaluation process and modeling results. The bidders offering these least cost resources are identified below in Table 3.4-1.

To satisfy the RFP locational preferences identified within the 2026-2028 RFP, the least cost resources in each of the CCSD and the Navajo Nation were also selected and identified to fulfill the resource needs for Scenarios 2 and 3. While these bids were not ranked as the highest in the evaluation, they are competitive and support a comparative analysis of the three Scenarios above.

PNM is initiating contract negotiations with the resources included in Scenario 2, including the least cost resources and the least cost CCSD resource identified in Table 3.4-1. The remaining unsuccessful bidders were notified by August 9, 2024 that their bids would no longer be considered.

Table 3.4-1. Final Selection Summary

Proposal	County	Scenario Selections	Capacity	Evaluated Total Delivered Cost[a]	Cost Notes	Evaluated Capacity Factor	Strengths	Challenges
Least Cost Resource Plan Bids								
Bid 33-3.1 Energy Storage Agreement	Bernalillo	1, 2, and 3	150 MW (600 MWH) BESS	$101.30 / MWH (excluding imputed debt)	Fixed for 18 Year Term with a fixed capacity payment and an energy payment	365 cycles per year	- Project site under purchase option with terms defined - Directly connected to PNM system via adjacent substation - In interconnection cluster #14 - OEM will provide full O&M services	- Interconnection facilities yet to be constructed with 24 month schedule estimated - Shorter ESA term offered to facilitate lease liability considerations - Limited developer experience
Bid 78-1.1 Energy Storage Agreement	Bernalillo	1, 2, and 3	150 MW (600 MWH) BESS	$95.16 / MWH (excluding imputed debt)	Fixed for 20 Year Term with a fixed capacity payment	365 cycles per year	- Technology selected with OEM providing O&M services - 2 sites under purchase option - In interconnection cluster #14 - Will execute BESS and transformer contracts at risk	- Interconnection facilities yet to be constructed with 18 month schedule estimated - Land allocation subject to local master plan modifications
Bid 68-1.4 Natural Gas PPA Extension	Valencia	1, 2, and 3	167 MW Frame Combustion Turbine	$194.15 / MWH	Escalated pricing with capacity charge, energy charges, fixed O&M charges, per start charges, and fuel costs.	17% capacity factor	- No project construction required – equipment upgrades only. - Existing facility and interconnection. - Continuation of existing PPA with minor modifications.	- Air permit modification likely required. - Currently limited to 2 starts per day. - PPA extension through 2039.
Locational Preference Bids								
CCSD **Bid 59-1** Solar + Storage Utility Self-Build	San Juan	2	100 MW Solar / 30 MW (120 MWH) BESS	Solar - $34.49 / MWH BESS - $107.56 / MWh	Utility owned and operated	33.16% (Solar) 365 cycles per year (BESS)	- Project is in the Central Consolidated School District - LGIA is in place (Cluster #9) - ½ of Project site is owned; remainder is under purchase option - Direct utility control of O&M with O&M and CM staff located in New Mexico	- Interconnection facilities yet to be constructed - 345 kV GSU transformer procurement is a long-lead item
Navajo Nation **Bid 73-5** Solar + Storage PPA	San Juan	3	100 MW Solar / 50 MW (200 MWH) BESS	Solar - $45.57 / MWH BESS - $143.29 / MWh	Pricing is escalated at 3%/yr for 20 Year Term BESS pricing is tied to volumetric energy from the co-located solar facility	31.57% (Solar) 365 cycles per year (BESS)	- Project is in the Navajo Nation - Developer will maintain a long-term ownership and O&M role rather than flip/transfer to a third-party - Significant developer experience and New Mexico presence - Exclusive site control from Navajo Nation for site investigation and lease negotiations	- Interconnection facilities yet to be constructed with 18 month schedule estimated - Awaiting formal land lease with Navajo Nation - Known archaeological sites present - NEPA compliance required by BLM / BIA

a. Evaluated Total Delivered Cost is a levelized lifecycle cost determined as at the time of shortlisting. Final evaluated cost may vary from that indicated.

3.5 CONTRACT NEGOTIATIONS

Contract negotiations have been initiated in August 2024 for the bids selected within the Least Cost Resource Plan and the selected CCSD resource. Contract negotiations will continue into October with the expectation that contracts for these projects will be executed prior to the filing of the selected generation resources for the May 1, 2028 Guaranteed Start Date.

Independent Evaluator Report on Phase 1 Evaluation

PNM Exhibit RWN-9

Is contained in the following 15 pages.

BATES WHITE
ECONOMIC CONSULTING

Memorandum

To PNM Resources

From Bates White, LLC

Date February 26, 2024

Re 2026-2028 Generation Resources RFP: Review, Assess, and Report on Phase 1 Evaluation Report (Initial Evaluation)

I. Purpose

Bates White, LLC ("Bates White") was retained by Public Service Company of New Mexico ("PNM"), a wholly owned subsidiary of PNM Resources, Inc., to serve as an Independent Monitor for its 2026-2028 Generation Resources RFP ("RFP"). The RFP was issued on November 3, 2022 and sought commitments to supply up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028 of firm capacity resources to serve PNM's New Mexico system. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028. Given the limited time available to PNM to complete the RFP and contracting process for May 1, 2026 resources, PNM bifurcated the RFP into two paths, focusing first on the evaluation of resources promising a Guaranteed Start Date of May 1, 2026 or earlier. This memo addresses the evaluation of resources submitted for the May 1, 2027 or May 1, 2028 Guaranteed Start Date.

In this memo, we review and assess PNM's Phase 1 evaluation for the RFP. The primary document that presents the results of PNM's evaluation is the "2026-2028 Generation Resources RFP Phase 1 Bid Evaluation Summary For May 1, 2027 and May 1, 2028 Resources" ("Phase 1 Report") received on February 22, 2023. The Phase 1 Report describes the process and results of Phase 1 of the bid evaluation. We also were provided and reviewed PNM's "Confidential PNM 2027-2028 RFP Bid Summary Document (20230616)-for Phase 1 Report.xls" ("Phase 1 Bid Summary Document") which contained detailed information about each bid. PNM and Bates White held both written and oral discussions regarding the Phase 1 evaluation.

The purpose of this memo is to provide our assessment of the Phase 1 evaluation. In developing this memo, we consulted (a) the RFP documents as filed, (b) the confidential bid evaluation protocols ("Bid Evaluation Protocols"), (c) the bids, (d) the Phase 1 Bid Summary Document, (e) the Phase 1 Report, and (f) our discussions with PNM evaluators regarding the RFP and Phase 1 evaluation. We apply our own independent assessment of the Phase 1 evaluation criteria, determining if PNM

2001 K Street, NW, North Building, Suite 500, Washington, DC 20006 main 202.408.6110 fax 202.408.7838 BATESWHITE.COM

followed the evaluation protocols finalized in advance of RFP issuance, and identifying any areas with which we might disagree with PNM or require additional clarification.

II. Analysis

In this section, we provide our analysis of PNM's Phase 1 evaluation results. Overall, we found PNM's results reasonable.

A. Compliance with RFP, Evaluation Documents

Section 8.2.1 of the RFP states:

> The evaluation will be conducted in three phases with "Phase One" being an initial screening of the Proposals for compliance with the RFP minimum requirements (See, e.g., Part 5 and Part 6), for compliance with the Proposal Prerequisites (See Section 1.4), for compliance with the Supplier Risk Security Screening Questions (See Section 3.6), and for proof of an executable plan supporting the proposed Guaranteed Start Date. The Phase One screening process will be performed for each Proposal to determine if all required information has been provided and minimum requirements satisfied. Material deficiencies may disqualify a Proposal from further consideration, and the Respondent will be notified in such event. PNM may reject incomplete or unclear Proposals from further consideration or contact Respondents for clarification, pursuant to Section 8.1 of this RFP.

The Bid Evaluation Protocols, which are non-public, elaborated on the Phase 1 evaluation process, stating:

> Proposals will initially be reviewed for completeness. Any missing information identified by the RFP Administration Team or EPC Support Team, as applicable, will be requested from Bidders.
>
> Proposal attributes will be summarized in the Bid comparison tool (Attachment B). Initial observations will be summarized and presented based on the Bid comparison template. Considering the initial review of Proposals, information provided in response to Bidder questions and clarifications, and the trends observed in the Bid comparison, Bidders and/or Proposals may be eliminated from consideration based on the evaluation by the RFP Administration Team (with input from the EPC Support Team regarding EPC Proposals) and

> with the Project Manager's approval. Elimination during Phase 1 would be limited to Proposals that do not comply with (i) the Proposal Prerequisites in Section 1.4 of the RFP Instructions to Bidders, (ii) the Supplier Risk Security Screening Questions issued with the RFP, (iii) law regarding the possession of a required contractor's license associated with EPC and BT Proposals (iv) other minimum resource requirements as identified in Sections 4, 5 and 6 of the RFP Instructions to Bidders, or (v) are otherwise incomplete after requesting additional information based on the RFP requirements or (vi) possess significant feasibility or viability concerns as compared to similar Proposals, including consideration of (a) the Bidder's prior history of project performance, (b) the Bidder's prior history of project defaults, or (c) Bidder's lack of experience with the technology at the size and scale proposed. Reasons for elimination will be documented, a Phase 1 Bid evaluation report will be prepared and issued for review by the Independent Evaluator, and Bidders will be notified accordingly at the end of Phase 1.[1]

In our view, PNM conducted the Phase 1 evaluation in a manner that was consistent with the RFP documents, including the non-public evaluation protocols. PNM evaluated each bid for completeness and compliance with the RFP requirements. This included a review of each bid's compliance with the RFP's stated "Proposal Prerequisites."[2] Bids removed from further consideration during the Phase 1 Evaluation process were done for reasons that were consistent with the RFP, as we explain below.

PNM documented its Phase 1 evaluation in the Phase 1 Report, which was shared with Bates White, consistent with the RFP.

B. Bids Received

Bids specifying a May 1, 2027 or May 1, 2028 Guaranteed Start Date were due on February 15, 2023. Bids were received through PNM's secure file transfer bidding platform. Bates White had access to the bidding platform, which allowed bidders to submit their proposals as well as to engage in questions and answers with PNM. All bids received were received before the deadline.

Thirty-nine (39) bidders submitted bids, representing sixty-two (62) projects and a total of one hundred seventy-three (173) bid variants for consideration. The bids represented a variety of technologies, including:

[1] Bid Evaluation Protocols, section 6.1.

[2] RFP, Section 1.4.

- 71 bids for solar PV + energy storage systems ("ESS")
- 59 bids for standalone ESS
- 22 bids for standalone solar PV
- 1 bid for demand-side resources ("DSR")
- 6 bids for standalone wind
- 1 bid for wind + solar
- 1 bid for wind + solar + ESS
- 6 bids for natural gas-fired aeroderivative turbines ("Aero")
- 4 bids for natural gas-fired frame turbines
- 2 bids for natural gas-fired reciprocating internal combustion engine ("RICE")

The bids also included a variety of contractual vehicles, including:

- 106 power purchase agreements ("PPAs")
- 44 energy storage agreements ("ESAs")
- 20 engineering, procurement, and construction agreements ("EPC")
- 1 DSR agreement
- 1 build-transfer agreement ("BT")
- 1 asset purchase agreement ("APA")

The RFP specified two locational preferences. Projects that were sited either (a) on Navajo Nation lands or (b) in the Central Consolidated School District ("CCSD") would be preferred in the evaluation.[3] Thirty (30) bids were received from the CCSD, representing ten bidders and fourteen projects. Fifteen (15) bids were received from Navajo Nation lands, representing five bidders and six projects.

[3] Bid Evaluation Document, section 1.

Table 1 provides a high-level summary of the bids received.

Table 1. Bids Received

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Guaranteed COD
56-1	[redacted]		Aero	EPC	39	58,508	-	5/1/2027
56-2			Aero	EPC	235	351,815	-	5/1/2027
56-3			Aero	EPC	39	58,508	-	5/1/2028
56-4			Aero	EPC	235	351,815	-	5/1/2028
72-1.1			Aero	PPA	115	171,750	-	5/1/2027
72-1.2			Aero	PPA	115	171,750	-	5/1/2028
68-1.1			Frame	PPA	157	392,500	-	5/1/2028
68-1.2			Frame	PPA	157	392,500	-	5/1/2028
68-1.3			Frame	PPA	157	392,500	-	5/1/2028
68-1.4			Frame	PPA	172	430,000	-	5/1/2028
8-1			Wind	PPA	180	755,980	-	5/1/2027
8-2			Wind	PPA	180	755,980	-	5/1/2028
80-3.1			Wind	PPA	150	295,978	-	5/1/2027
80-3.2			Wind	PPA	90	177,587	-	5/1/2027
80-1.1			Solar	PPA	200	643,087	-	5/1/2027
80-1.2			Solar	PPA	175	562,698	-	5/1/2027
80-1.3			Solar	PPA	150	482,306	-	5/1/2027
80-1.4			Solar	PPA	100	321,525	-	5/1/2027
26-1			Solar	PPA	200	565,418	-	5/1/2027
3-1			Solar	PPA	150	436,745	-	5/1/2027
43-1			Solar	PPA	50	144,258	-	5/1/2027
5-1			Solar	PPA	100	258,009	-	5/1/2027
19-3.1			Solar	PPA	400	1,162,046	-	5/1/2028
19-3.2			Solar	PPA	400	1,162,046	-	5/1/2028
73-1			BESS	ESA	NA	-	100	5/1/2027
73-2			BESS	ESA	NA	-	50	5/1/2027
73-6			BESS	ESA	NA	-	100	5/1/2026
73-7			BESS	ESA	NA	-	50	5/1/2028
49-1			BESS	EPC	NA	-	60	5/1/2027
50-1			BESS	ESA	NA	-	250	5/1/2028
33-1.1			BESS	ESA	NA	-	150	5/1/2027
33-1.2			BESS	ESA	NA	-	100	5/1/2027
33-1.3			BESS	ESA	NA	-	150	5/1/2027
33-1.4			BESS	ESA	NA	-	100	5/1/2027
33-1.5			BESS	ESA	NA	-	150	5/1/2027
33-1.6			BESS	ESA	NA	-	100	5/1/2027
33-1.7			BESS	ESA	NA	-	150	5/1/2027
33-1.8			BESS	ESA	NA	-	100	5/1/2027
33-3.1			BESS	ESA	NA	-	150	5/1/2028
33-3.2			BESS	ESA	NA	-	100	5/1/2028
33-3.3			BESS	ESA	NA	-	150	5/1/2028
33-3.4			BESS	ESA	NA	-	100	5/1/2028
33-3.5			BESS	ESA	NA	-	150	5/1/2028
33-3.6			BESS	ESA	NA	-	100	5/1/2028
33-3.7			BESS	ESA	NA	-	150	5/1/2028
33-3.8			BESS	ESA	NA	-	100	5/1/2028
33-2.1			BESS	ESA	NA	-	70	5/1/2027
33-2.2			BESS	ESA	NA	-	70	5/1/2027
33-2.3			BESS	ESA	NA	-	70	5/1/2027
33-2.4			BESS	ESA	NA	-	70	5/1/2027
33-4.1			BESS	ESA	NA	-	70	5/1/2028
33-4.2			BESS	ESA	NA	-	70	5/1/2028
33-4.3			BESS	ESA	NA	-	70	5/1/2028
33-4.4			BESS	ESA	NA	-	70	5/1/2028
6-1			BESS	ESA	NA	-	200	5/1/2027
27-2.1			BESS	ESA	NA	-	500	5/1/2028
27-2.2			BESS	ESA	NA	-	500	5/1/2028
27-2.3			BESS	ESA	NA	-	400	5/1/2028
27-2.4			BESS	ESA	NA	-	400	5/1/2028

Memorandum

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Guaranteed COD
27-2.5	[redacted]		BESS	ESA	NA	-	300	5/1/2028
27-2.6			BESS	ESA	NA	-	300	5/1/2028
58-1.1			BESS	ESA	NA	-	400	5/1/2027
58-2.1			BESS	ESA	NA	-	360	5/1/2028
78-1.1			BESS	ESA	NA	-	150	5/1/2027
78-1.2			BESS	ESA	NA	-	150	5/1/2027
78-2.1			BESS	ESA	NA	-	100	5/1/2026
74-1			DSR	DSR	7	2,000	0	5/1/2027
43-2.1			Solar & BESS	PPA	165	464,597	50	5/1/2027
43-2.2			Solar & BESS	PPA	165	464,597	100	5/1/2027
43-3.1			Solar & BESS	PPA	50	144,258	25	5/1/2027
43-3.2			Solar & BESS	PPA	50	144,258	50	5/1/2027
46-1			Solar & BESS	PPA	75	203,173	38	5/1/2027
46-2			Solar & BESS	PPA	200	566,067	100	5/1/2028
82-1.1			Solar & BESS	PPA	106	315,209	106	5/1/2026
3-2.1			Solar & BESS	PPA	150	436,745	150	5/1/2027
58-1.2			Solar & BESS	PPA	200	576,218	400	5/1/2027
58-2.2			Solar & BESS	PPA	312	885,031	360	5/1/2028
50-2			Solar & BESS	PPA	250	717,541	250	5/1/2028
5-2			Solar & BESS	PPA	100	233,191	30	5/1/2027
73-3			Solar & BESS	PPA	90	205,989	68	5/1/2027
73-5			Solar & BESS	PPA	100	276,574	50	5/1/2028
63-1.1			Solar & BESS	PPA	250	742,077	125	5/1/2027
63-1.2			Solar & BESS	PPA	250	742,077	125	5/1/2027
63-1.3			Solar & BESS	PPA	250	742,077	125	5/1/2027
63-1.4			Solar & BESS	PPA	250	742,077	125	5/1/2027
63-1.5			Solar & BESS	PPA	250	742,077	125	5/1/2028
63-1.6			Solar & BESS	PPA	250	742,077	125	5/1/2028
63-1.7			Solar & BESS	PPA	250	742,077	125	5/1/2028
63-1.8			Solar & BESS	PPA	250	742,077	125	5/1/2028
63-2.1			Solar & BESS	PPA	90	271,541	50	5/1/2027
63-2.2			Solar & BESS	PPA	90	271,541	50	5/1/2027
63-2.3			Solar & BESS	PPA	90	271,541	50	5/1/2027
63-2.4			Solar & BESS	PPA	90	271,541	50	5/1/2027
63-2.5			Solar & BESS	PPA	90	271,541	50	5/1/2028
63-2.6			Solar & BESS	PPA	90	271,541	50	5/1/2028
63-2.7			Solar & BESS	PPA	90	271,541	50	5/1/2028
63-2.8			Solar & BESS	PPA	90	271,541	50	5/1/2028
35-1.1			Solar & BESS	PPA	50	148,998	25	5/1/2027
35-1.2			Solar & BESS	PPA	50	148,998	25	5/1/2028
35-2.1			Solar & BESS	PPA	50	148,998	25	5/1/2027
35-2.2			Solar & BESS	PPA	50	148,998	25	5/1/2028
35-3.2			Solar & BESS	PPA	150	435,637	75	5/1/2028
80-2.1			Solar & BESS	PPA	200	643,087	100	5/1/2027
80-2.2			Solar & BESS	PPA	175	562,698	88	5/1/2027
80-2.3			Solar & BESS	PPA	150	482,306	75	5/1/2027
80-2.4			Solar & BESS	PPA	100	321,525	50	5/1/2027
9-1			Solar & BESS	PPA	190	531,546	190	5/1/2027
19-4.1			Solar & BESS	PPA	400	1,162,046	100	5/1/2028
19-4.2			Solar & BESS	PPA	400	1,162,046	100	5/1/2028
67-1			Solar & BESS	PPA	300	849,998	300	5/1/2027
59-1			Solar & BESS	EPC	100	290,480	30	5/1/2027
20-1.1			Wind	PPA	1000	0	-	12/1/2028
20-1.2			BESS	ESA	0	-	500	12/1/2028
20-1.3			Solar	PPA	700	0	-	12/1/2028
20-1.4			Wind + Solar	PPA	1700	0	-	12/1/2028
20-1.5			Solar & BESS	PPA	700	0	500	12/1/2028
20-1.6			Wind + Solar + BESS	PPA	1700	0	500	12/1/2028
37-1			RICE	PPA	185	277,500	-	5/1/2027
37-2			RICE	PPA	185	277,500	-	5/1/2028

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Guaranteed COD
43-4			Wind	PPA	297	1,107,967	-	5/1/2028
61-1			Solar	PPA	200	551,384	-	5/1/2027
71-1.1			Solar	PPA	400	905,372	-	5/1/2027
71-1.2			Solar	PPA	400	905,372	-	5/1/2028
44-1.1			Solar	PPA	220	603,580	-	5/1/2027
44-1.2			Solar	PPA	220	603,580	-	5/1/2027
44-1.3			Solar	PPA	220	603,580	-	5/1/2027
36-1.1			Solar	PPA	100	298,585	-	5/1/2028
36-1.2			Solar	PPA	150	450,085	-	5/1/2028
42-1			Solar	PPA	96	268,761	-	5/1/2027
19-1.1			Solar	PPA	400	1,162,046	-	5/1/2027
19-1.2			Solar	PPA	400	1,162,046	-	5/1/2027
27-1.1			BESS	ESA	NA	-	150	5/1/2027
27-1.2			BESS	ESA	NA	-	150	5/1/2027
22-1.1			BESS	EPC	NA	-	96	5/1/2027
22-1.2			BESS	EPC	NA	-	236	5/1/2027
22-2			BESS	EPC	NA	-	40	5/1/2027
22-3			BESS	EPC	NA	-	240	5/1/2027
22-4			BESS	EPC	NA	-	50	5/1/2027
22-5.1			BESS	EPC	NA	-	150	5/1/2027
22-5.2			BESS	EPC	NA	-	75	5/1/2027
22-6.1			BESS	EPC	NA	-	96	5/1/2028
22-6.2			BESS	EPC	NA	-	236	5/1/2028
22-7			BESS	EPC	NA	-	40	5/1/2028
22-8			BESS	EPC	NA	-	240	5/1/2028
22-9			BESS	EPC	NA	-	50	5/1/2028
22-10.1			BESS	EPC	NA	-	150	5/1/2028
22-10.2			BESS	EPC	NA	-	75	5/1/2028
54-1			Solar & BESS	PPA	199	564,876	100	5/1/2027
77-1			Solar & BESS	PPA	100	287,005	50	5/1/2027
82-1.3			Solar & BESS	BT	106	315,209	106	5/1/2026
42-2			Solar & BESS	PPA	96	268,761	48	5/1/2027
3-2.2			Solar & BESS	APA	150	436,745	150	5/1/2027
66-1			Solar & BESS	PPA	100	297,553	35	5/1/2027
36-2.1			Solar & BESS	PPA	100	298,585	100	5/1/2028
36-2.2			Solar & BESS	PPA	150	450,085	150	5/1/2028
44-2			Solar & BESS	PPA	220	603,580	110	5/1/2027
24-1			Solar & BESS	PPA	100	197,108	100	5/1/2027
24-2			Solar & BESS	PPA	100	197,108	100	5/1/2028
13-1			Solar & BESS	PPA	150	405,644	75	5/1/2028
13-2			Solar & BESS	PPA	199	506,969	100	5/1/2028
73-4			Solar & BESS	PPA	200	556,268	100	5/1/2027
63-3.1			Solar & BESS	PPA	90	268,463	50	5/1/2027
63-3.2			Solar & BESS	PPA	90	268,463	50	5/1/2027
63-3.3			Solar & BESS	PPA	90	268,463	50	5/1/2027
63-3.4			Solar & BESS	PPA	90	268,463	50	5/1/2027
63-3.5			Solar & BESS	PPA	90	268,463	50	5/1/2028
63-3.6			Solar & BESS	PPA	90	268,463	50	5/1/2028
63-3.7			Solar & BESS	PPA	90	268,463	50	5/1/2028
63-3.8			Solar & BESS	PPA	90	268,463	50	5/1/2028
35-3.1			Solar & BESS	PPA	150	435,637	75	5/1/2027
35-4			Solar & BESS	PPA	190	548,824	95	5/1/2027
19-2.1			Solar & BESS	PPA	400	1,162,046	100	5/1/2027
19-2.2			Solar & BESS	PPA	400	1,162,046	100	5/1/2027

C. Phase 1 Evaluation Results

Of the 173 bid variants received, 62 failed to meet the minimum requirements of the RFP and were eliminated by PNM from further evaluation. Details on those eliminations (and our assessment of each) is as follows.

- **Bid 3-2.2:** [redacted] submitted multiple bids into the RFP. This bid offered an asset purchase agreement related to the [redacted] solar plus storage project. As proposed, the bidder would transfer ownership of the project when Notice to Proceed was received, i.e., before the project would be built. The RFP required projects to be fully developed, not development assets, so PNM appropriately excluded this bid from further consideration. The bidder's other bids passed the Phase 1 evaluation.
- **Bids 13-1 and 13-2:** Both of [redacted] bids were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date. PNM Transmission estimated a minimum of five years to complete the necessary transmission upgrades, which included [redacted]. Given these estimates, we agreed that the bids would not be able to meet a May 1, 2028 guaranteed commercial operations date, as offered.
- **Bids 19-1.1, 19-1.2, 19-2.1, and 19-2.2:** Each of these bids (submitted by [redacted]) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission identified an expected interconnection in-service date of October 2027 due to network upgrades [redacted] which were estimated to require three years to complete. Given these estimates, we did not object to the exclusion of these bids from further consideration and noted that the same bids that offered options for a May 1, 2028 guaranteed commercial operations date were further evaluated.
- **Bids 20-1.1, 20-1.2, 20-1.3, 20-1.4, 20-1.5, and 20-1.6:** This bidder ([redacted]) submitted these bids as "indicative" and did not provide payment of the necessary bid fee required by the RFP. PNM followed up with this bidder seeking payment, whereby the bidder replied that its proposal was "an indicative, non-conforming bid for high-level insight to PNM on this project" and that because of this, "[redacted] will not be providing payment for this RFP and understands if this removes [redacted] from the evaluation process." We agreed with PNM's exclusion of these bids for further consideration.
- **Bids 22-1.1, 22-1.2, 22-2, 22-3, 22-4, 22-5.1, 22-5.2, 22-6.1, 22-6.2, 22-7, 22-8, 22-9, 22-10.1, and 22-10.2:** This bidder ([redacted]) did not submit complete proposals. While the bids included many required components, the bidder did not specify required information, including a firm, fixed price for its EPC contracts. PNM followed up with this bidder for this information. The bidder responded seeking additional "guidance" on PNM's needs. Lacking sufficient information to evaluate the bid, we agreed with PNM's decision to exclude these bids from further consideration.

- **Bids 24-1 and 24-2:** [redacted] two bids were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Dates of May 1, 2027 and May 1, 2028, respectively. The bids' interconnection would occur on the [redacted] with a proposed 2027 in-service date. PNM Transmission judged a timely in-service date of the [redacted] to be low probability, and that there was also a low probability of the necessary transmission upgrades being in place to meet the bids' guaranteed commercial operations dates. Further, the bidder had not completed any projects to date. Given these estimates and facts, we did not object to PNM's decision to exclude these bids from further consideration.
- **Bids 27-1.1 and 27-1.2:** Each of these bids ([redacted]) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission identified an expected interconnection in-service date of October 2027 due to network upgrades [redacted] which were estimated to require three years to complete. Given these estimates, we did not object to the exclusion of these bids from further consideration and noted that the same bids that offered options for a May 1, 2028 guaranteed commercial operations date were to be evaluated further.
- **Bid 35-3:** This bid ([redacted]) was eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission identified an expected interconnection in-service date of April 2027 due to construction of interconnection facilities and network upgrades [redacted]. PNM judged this bid to be high risk given the closeness of the guaranteed commercial operations date to the expected interconnection in-service date. Given these estimates, we did not object to the exclusion of this bid from further consideration and noted that the same bid that offered options for a May 1, 2028 guaranteed commercial operations date was further evaluated.
- **Bid 35-4:** This bid ([redacted]) was removed from further consideration when it was learned that the project was awarded a contract to a corporate buyer [redacted].
- **Bids 36-1.1, 36-1.2, 36-2.1, and 36-2.2:** These bids ([redacted]) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Dates of May 1, 2027 and May 1, 2028, respectively. The bidder had not yet submitted its interconnection application (planned to be Cluster 17). PNM Transmission stated that the interconnection in-service date was likely to be later than the guaranteed

commercial operations dates, in part due to significant construction work needed for necessary transmission upgrades. Given these estimates and the fact that the bidder had not yet begun the interconnection process, we did not object to PNM's decision to exclude these bids from further consideration.

- **Bids 37-1 and 37-2:** These bids ( ) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Dates of May 1, 2027 and May 1, 2028, respectively. The bidder had not yet submitted its interconnection application. The bidder expected that . Given this and the fact that the bidder had not yet begun the interconnection process, we did not object to PNM's decision to exclude these bids from further consideration.
- **Bids 42-1 and 42-2:** Each of these bids ( ) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission identified an expected interconnection in-service date of October 2028 due to needed interconnection facilities and network upgrades which were estimated to require four years to complete. Given these estimates, we did not object to the exclusion of these bids from further consideration.
- **Bid 43-4:** This bid ( ) was eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2028. The bid's interconnection would occur with a proposed 2027 in-service date. PNM Transmission judged a timely in-service date of the to be low probability, and that there was also a low probability of the necessary transmission upgrades in place to meet the bid's guaranteed commercial operations dates. Given these estimates, we did not object to the exclusion of this bid from further consideration.
- **Bid 44-1.1, 44-1.2, 44-1.3, and 44-2:** Each of these bids ( ) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission estimated that the project will require federal environmental evaluation and CCN proceedings for transmission upgrade, with an expected duration of five years. Upgrades were expected (by the bidder) to include a new substation, a new step-up transformer, and a 345 kV gen tie line and network upgrades were still being

determined. Given these estimates, we did not object to the exclusion of these bids from further consideration.

- **Bid 54-1:** This bidder ([redacted]) submitted its project into Cluster 16. The RFP has a preference for bids with 2027 or 2028 guaranteed commercial operations dates to be submitted in Cluster 15 or earlier. PNM Transmission expressed concerns that the bid would not be able to be delivered to PNM's load by the guaranteed start date. Given this, we did not object to PNM's exclusion of this bid from further consideration.
- **Bid 61-1:** This bid ([redacted]) was eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission estimated that the project will require transmission construction that will last at least five years, and the bidder assumed substantial network upgrade costs in its proposal. The project was also submitted into Cluster 16, with the RFP preferring resources to be in Cluster 15 or earlier. Given these estimates and facts, we did not object to the exclusion of this bid from further consideration.
- **Bids 63-3.1, 63-3.2, 63-3.3, 63-3.4, 63-3.5, 63-3.6, 63-3.7, and 63-3.8:** Each of these bids ([redacted]) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Dates of May 1, 2027 and May 1, 2028 (depending on the variant). PNM Transmission estimated a minimum of five years to complete the necessary transmission upgrades, which included upgrades to [redacted]. Given these estimates, we agreed that the bids would not be able to meet the proposed guaranteed commercial operations dates, as offered, and we did not object to PNM's exclusion of these bids from further consideration.
- **Bid 66-1:** This demand response bid, [redacted], lacked required bid data, including a firm, fixed price. PNM followed up with this bidder, who responded that it was "uncomfortable with the risk of committing to firm pricing" at this time and that the bidder currently does not have "the detailed designs and plans that would enable firm pricing and answer many of the bid form questions." These omissions precluded compliance with the RFP's minimum bid requirements and thus we agreed with PNM's exclusion of this bid from further consideration.
- **Bids 71-1.1 and 71-1.2:** These bids ([redacted]) were eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Dates of May 1, 2027 and May 1, 2028, respectively. The bidder, which was proposing an interconnection [redacted], had not yet submitted its interconnection application. PNM Transmission stated that the interconnection in-service date was likely to be later than the

guaranteed commercial operations dates in part due to significant construction work needed. Given these estimates and the fact that the bidder had not yet begun the interconnection process, we did not object to PNM's decision to exclude these bids from further consideration.

- **Bid 73-4:** This bid ( ) was eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission identified an expected interconnection in-service date of April 2027 due to construction of interconnection facilities and network upgrades . PNM judged this bid to be high risk given the closeness of the guaranteed commercial operations date to the expected interconnection in-service date. Given these estimates, we did not object to the exclusion of this bid from further consideration.
- **Bid 77-1:** This bid ( ) was eliminated by PNM due to a lack of sufficient justification or documentation that the quoted capacity could be delivered to PNM's load by the proposed Guaranteed Start Date of May 1, 2027. PNM Transmission estimated that the project will require transmission construction that will last at least five years, partly because the network upgrades expected would include . Given these estimates and facts, we did not object to the exclusion of this bid from further consideration.
- **Bid 82-1.3:** This bidder ( ) submitted multiple bids in the RFP, with this bid being an EPC offer. The RFP requires EPC offerors to hold a valid contractor's license in accordance with the New Mexico Construction Industries Division and that such license "must be in the name of the Respondent." The bidder did not provide a valid license and when specifically asked by PNM in follow up questions, was unable to produce a valid license. As such, we agreed with PNM's decision to exclude this bid from further consideration. The bidder's other non-EPC bids remained under evaluation.

All other bid variants were passed through the Phase 1 evaluation process to be evaluated in Phase 2. In total, one hundred eleven (111) bid variants from twenty-six (26) bidders representing thirty-eight (38) projects passed Phase 1. These included:

- 44 bids for solar PV + ESS
- 42 bids for standalone ESS
- 10 bids for standalone solar PV

- 1 bid for DSR
- 4 bids for standalone wind
- 6 bids for natural gas-fired aeroderivative turbines ("Aero")
- 4 bids for natural gas-fired frame turbines
- 0 bids for natural gas-fired RICE

The transaction type for these bid variants breaks down as follows:

- 63 PPAs
- 41 ESAs
- 6 EPCs
- 1 DSR agreement
- 0 BTs
- 0 APAs

Collectively, the bids that passed Phase 1 included a total of 11,049 MW of generation capacity and 39,997 MWh of energy storage capacity, not accounting for mutual exclusivity. The projects that passed Phase 1 are shown in Table 2 below.

Table 2. Phase 1 Passing Bids

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Energy Storage Capacity (MW)	Guaranteed COD
56-1	[redacted]		Aero	EPC	39	-	5/1/2027
56-2			Aero	EPC	235	-	5/1/2027
56-3			Aero	EPC	39	-	5/1/2028
56-4			Aero	EPC	235	-	5/1/2028
72-1.1			Aero	PPA	115	-	5/1/2027
72-1.2			Aero	PPA	115	-	5/1/2028
68-1.1			Frame	PPA	157	-	5/1/2028
68-1.2			Frame	PPA	157	-	5/1/2028
68-1.3			Frame	PPA	157	-	5/1/2028
68-1.4			Frame	PPA	172	-	5/1/2028
8-1			Wind	PPA	180	-	5/1/2027
8-2			Wind	PPA	180	-	5/1/2028
80-3.1			Wind	PPA	150	-	5/1/2027
80-3.2			Wind	PPA	90	-	5/1/2027

Memorandum

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Energy Storage Capacity (MW)	Guaranteed COD
80-1.1			Solar	PPA	200	-	5/1/2027
80-1.2			Solar	PPA	175	-	5/1/2027
80-1.3			Solar	PPA	150	-	5/1/2027
80-1.4			Solar	PPA	100	-	5/1/2027
26-1			Solar	PPA	200	-	5/1/2027
3-1			Solar	PPA	150	-	5/1/2027
43-1			Solar	PPA	50	-	5/1/2027
5-1			Solar	PPA	100	-	5/1/2027
19-3.1			Solar	PPA	400	-	5/1/2028
19-3.2			Solar	PPA	400	-	5/1/2028
73-1			BESS	ESA	NA	100	5/1/2027
73-2			BESS	ESA	NA	50	5/1/2027
73-6			BESS	ESA	NA	100	5/1/2026
73-7			BESS	ESA	NA	50	5/1/2028
49-1			BESS	EPC	NA	60	5/1/2027
50-1			BESS	ESA	NA	250	5/1/2028
33-1.1			BESS	ESA	NA	150	5/1/2027
33-1.2			BESS	ESA	NA	100	5/1/2027
33-1.3			BESS	ESA	NA	150	5/1/2027
33-1.4			BESS	ESA	NA	100	5/1/2027
33-1.5			BESS	ESA	NA	150	5/1/2027
33-1.6			BESS	ESA	NA	100	5/1/2027
33-1.7			BESS	ESA	NA	150	5/1/2027
33-1.8			BESS	ESA	NA	100	5/1/2027
33-3.1			BESS	ESA	NA	150	5/1/2028
33-3.2			BESS	ESA	NA	100	5/1/2028
33-3.3			BESS	ESA	NA	150	5/1/2028
33-3.4			BESS	ESA	NA	100	5/1/2028
33-3.5			BESS	ESA	NA	150	5/1/2028
33-3.6			BESS	ESA	NA	100	5/1/2028
33-3.7			BESS	ESA	NA	150	5/1/2028
33-3.8			BESS	ESA	NA	100	5/1/2028
33-2.1			BESS	ESA	NA	70	5/1/2027
33-2.2			BESS	ESA	NA	70	5/1/2027
33-2.3			BESS	ESA	NA	70	5/1/2027
33-2.4			BESS	ESA	NA	70	5/1/2027
33-4.1			BESS	ESA	NA	70	5/1/2028
33-4.2			BESS	ESA	NA	70	5/1/2028
33-4.3			BESS	ESA	NA	70	5/1/2028
33-4.4			BESS	ESA	NA	70	5/1/2028
6-1			BESS	ESA	NA	200	5/1/2027
27-2.1			BESS	ESA	NA	500	5/1/2028
27-2.2			BESS	ESA	NA	500	5/1/2028
27-2.3			BESS	ESA	NA	400	5/1/2028
27-2.4			BESS	ESA	NA	400	5/1/2028
27-2.5			BESS	ESA	NA	300	5/1/2028
27-2.6			BESS	ESA	NA	300	5/1/2028
58-1.1			BESS	ESA	NA	400	5/1/2027
58-2.1			BESS	ESA	NA	360	5/1/2028
78-1.1			BESS	ESA	NA	150	5/1/2027
78-1.2			BESS	ESA	NA	150	5/1/2027
78-2.1			BESS	ESA	NA	100	5/1/2026
74-1			DSR	DSR	7	0	5/1/2027
43-2.1			Solar & BESS	PPA	165	50	5/1/2027
43-2.2			Solar & BESS	PPA	165	100	5/1/2027
43-3.1			Solar & BESS	PPA	50	25	5/1/2027
43-3.2			Solar & BESS	PPA	50	50	5/1/2027
46-1			Solar & BESS	PPA	75	38	5/1/2027
46-2			Solar & BESS	PPA	200	100	5/1/2028
82-1.1			Solar & BESS	PPA	106	106	5/1/2026

Memorandum

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Energy Storage Capacity (MW)	Guaranteed COD
3-2.1	[redacted]	[redacted]	Solar & BESS	PPA	150	150	5/1/2027
58-1.2	[redacted]	[redacted]	Solar & BESS	PPA	200	400	5/1/2027
58-2.2	[redacted]	[redacted]	Solar & BESS	PPA	312	360	5/1/2028
50-2	[redacted]	[redacted]	Solar & BESS	PPA	250	250	5/1/2028
5-2	[redacted]	[redacted]	Solar & BESS	PPA	100	30	5/1/2027
73-3	[redacted]	[redacted]	Solar & BESS	PPA	90	68	5/1/2027
73-5	[redacted]	[redacted]	Solar & BESS	PPA	100	50	5/1/2028
63-1.1	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2027
63-1.2	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2027
63-1.3	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2027
63-1.4	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2027
63-1.5	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2028
63-1.6	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2028
63-1.7	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2028
63-1.8	[redacted]	[redacted]	Solar & BESS	PPA	250	125	5/1/2028
63-2.1	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2027
63-2.2	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2027
63-2.3	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2027
63-2.4	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2027
63-2.5	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2028
63-2.6	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2028
63-2.7	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2028
63-2.8	[redacted]	[redacted]	Solar & BESS	PPA	90	50	5/1/2028
35-1.1	[redacted]	[redacted]	Solar & BESS	PPA	50	25	5/1/2027
35-1.2	[redacted]	[redacted]	Solar & BESS	PPA	50	25	5/1/2028
35-2.1	[redacted]	[redacted]	Solar & BESS	PPA	50	25	5/1/2027
35-2.2	[redacted]	[redacted]	Solar & BESS	PPA	50	25	5/1/2028
35-3.2	[redacted]	[redacted]	Solar & BESS	PPA	150	75	5/1/2028
80-2.1	[redacted]	[redacted]	Solar & BESS	PPA	200	100	5/1/2027
80-2.2	[redacted]	[redacted]	Solar & BESS	PPA	175	88	5/1/2027
80-2.3	[redacted]	[redacted]	Solar & BESS	PPA	150	75	5/1/2027
80-2.4	[redacted]	[redacted]	Solar & BESS	PPA	100	50	5/1/2027
9-1	[redacted]	[redacted]	Solar & BESS	PPA	190	190	5/1/2027
19-4.1	[redacted]	[redacted]	Solar & BESS	PPA	400	100	5/1/2028
19-4.2	[redacted]	[redacted]	Solar & BESS	PPA	400	100	5/1/2028
67-1	[redacted]	[redacted]	Solar & BESS	PPA	300	300	5/1/2027
59-1	[redacted]	[redacted]	Solar & BESS	EPC	100	30	5/1/2027

Independent Evaluator Report on Phase 2 Evaluation

PNM Exhibit RWN-10

Is contained in the following 36 pages.

BATES WHITE
ECONOMIC CONSULTING

Memorandum

To PNM Resources
From Bates White, LLC
Date September 3, 2024
Re 2026-2028 Generation Resources RFP: Review, Assess, and Report on Phase 2 Evaluation Report (Initial Evaluation)

Purpose

Bates White, LLC ("Bates White") was retained by Public Service Company of New Mexico ("PNM"), a wholly owned subsidiary of PNM Resources, Inc., to serve as an Independent Monitor for its 2026-2028 Generation Resources RFP ("RFP"). The RFP was issued on November 3, 2022 and sought commitments to supply up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028 of firm capacity resources to serve PNM's New Mexico system.[1] Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028.[2] Given the limited time available to PNM to complete the RFP and contracting process for May 1, 2026 resources, PNM bifurcated the RFP into two paths, focusing first on the evaluation of resources promising a Guaranteed Start Date of May 1, 2026 or earlier.[3]

In February 2024, evaluation of resources for a May 1, 2027 Guaranteed Start Date was placed on hold and bidders were invited on February 6, 2024 to present these offers for the May 1, 2028 Guaranteed Start Date.[4] This memo addresses the evaluation of resources submitted for the May 1, 2028 Guaranteed Start Date.

In this memo, we review and assess PNM's Phase 2 evaluation for the RFP. The primary document that presents the results of PNM's evaluation is the "2026-2028 Generation Resources RFP Phase 2 Bid Evaluation Summary For May 1, 2028 Resources" ("Phase 2 Report"), received on April 25, 2024. The Phase 2 Report describes the process and results of Phase 2 of the bid evaluation. We also were provided and reviewed PNM's "Confidential PNM 2028 RFP Bid Summary Document

1 Public Service Company of New Mexico, "2026-2028 Generation Resources RFP Phase 2 Bid Evaluation Summary," April 25, 2024, page 3 ("PNM Phase 2 Report").

2 PNM Phase 2 Report, page 3.

3 PNM Phase 2 Report, page 3.

4 PNM Phase 2 Report, page 3.

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(20240425).xls" ("Phase 2 Bid Summary Document") which contained detailed information about each bid, including updates made following the Phase 1 evaluation. PNM also provided the "bid evaluation matrix," which scored all bids on both price and non-price factors ("Bid Evaluation Matrix"). PNM and Bates White held both written and oral discussions regarding the Phase 2 evaluation.

The purpose of this memo is to provide our assessment of the Phase 2 evaluation. In developing this memo, we consulted (a) the RFP documents as filed, (b) the confidential bid evaluation protocols ("Bid Evaluation Protocols"), (c) the bids, (d) the Phase 2 Bid Summary Document, (e) the Phase 2 Report, (f) the Bid Evaluation Matrix, and (g) our discussions with PNM evaluators regarding the RFP and Phase 2 evaluation. We apply our own independent assessment of the Phase 2 evaluation criteria, determining if PNM followed the evaluation protocols finalized in advance of RFP issuance, and identifying any areas with which we might disagree with PNM or require additional clarification.

1. Analysis

In this section, we provide our analysis of PNM's Phase 2 evaluation results. Overall, we found PNM's results reasonable.

A. Compliance with RFP, Evaluation Documents

Section 8.2.2 of the RFP explains the Phase 2 evaluation process. The purpose of Phase 2 is to select a shortlist of bids from those that passed the Phase 1 evaluation. PNM's approach was to establish a shortlist consisting of "best-in-class" bids of each technology offered in response to the RFP. The Phase 2 evaluation ranked bids based on both price and non-price evaluation factors. Accordingly, Phase 2 included both a Price Evaluation and Non-Price Evaluation. The Price Evaluation is as follows:

> PNM will rank all Proposals from a cost standpoint. The price screening consists of measuring each Proposal's total delivered cost of energy, including:
>
> (a) Capital costs and/or capacity costs;
>
> (b) Fixed operation and maintenance costs;
>
> (c) Variable production costs;

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(d) Fuel and water costs;

(e) Transmission costs, including third party wheeling;

(f) Operational costs, including system regulation requirements as a result of the project;

(g) Other system benefits (including accounting for availability of RECs) or costs (including impact to system losses);

(h) Opportunities for marketing of excess energy;

(i) Any additional costs that are required, but not provided for in the Proposal; and

(j) Financial implications of accounting and tax treatment.[5]

The Non-Price Evaluation, which acts to measure "the viability of the project and the Respondent's ability to deliver the project as proposed," included the following factors:

A. Project viability including:

a) Project development and permitting status, including any potential for delay as the result of a Respondent's need for regulatory actions or approvals or for permitting, land acquisition, licensing, transmission interconnection, or transmission service;

b) Commercial viability, maintainability, and maturity of technology proposed at the scale quoted;

c) Detailed project critical path schedule identifying all important development elements, environmental permit milestones and their timing;

d) Respondent's experience with technology and contract structure proposed; and

e) Viability of performance and capacity quoted.

B. Contribution to PNM's overall system reliability. (i.e. the project's operational control or lack thereof and its effect on PNM's reliability metrics);

C. Project Employment plan – measuring Respondent's intention for employment of local, New Mexico work force, minority and woman-owned businesses, and apprentices for the construction of the facilities;

[5] RFP, section 8.2.2.1.

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D. Environmental and siting plan – An assessment of the emissions profile, environmental footprint and overall environmental feasibility for each project, site, access, permits, and all necessary right of ways; and

E. Respondent's OSHA Safety records.[6]

The Bid Evaluation Protocols, which is non-public, elaborated on the Phase 2 evaluation process. It stated that, if necessary, "additional Bidder questions and clarifications will be issued by the RFP Administration Team considering input and feedback from the EPC Support Team."[7] PNM's subject matter experts would continue to be involved in the evaluation, as required.[8] The shortlist "will be established based on total evaluated delivered cost of energy and total evaluated delivered cost of capacity as well as the overall viability of the Proposal with respect to its ability to achieve commercial operation by the proposed [Guaranteed Start Date]" and compliance with New Mexico laws and regulations.[9]

The Evaluation Protocols also explained that "the shortlist should generally maintain offerings in each technology category with sufficient capacity to deliver the full requested capacity, if available," and named several of those technologies (e.g., "solar generation," "energy storage," etc.).[10] The Evaluation Protocols stated that the shortlist will retain separate best-in-class generation projects on Navajo Nation lands and Central Consolidated School District ("CCSD") lands.[11]

In our view, PNM conducted the Phase 2 evaluation in a manner that was consistent with the RFP documents, including the non-public Evaluation Protocols. PNM evaluated all bids that passed the Phase 1 evaluation. This included both a Price Evaluation and Non-Price Evaluation of all remaining bids. PNM separated the bids into technology categories that were consistent with the RFP and Evaluation Protocols, including (a) solar photovoltaics ("PV"), (b) solar PV plus energy storage systems ("ESS"), (c) standalone ESS, (d) demand-side resources ("DSR"), (e) wind, (f) natural gas-fired aeroderivative turbines ("Aero"), and (g) natural gas-fired frame combustion turbines. PNM also incorporated the "best-in-class" generation projects on Navajo Nation lands, as well as "best-in-class" generation projects within the CCSD. PNM calculated for all bids, as applicable, the levelized cost of

6 RFP, section 8.2.2.2.

7 Bid Evaluation Protocols, section 6.2.

8 Bid Evaluation Protocols, section 6.2.

9 Bid Evaluation Protocols, section 6.2.

10 Bid Evaluation Protocols, section 6.2.

11 Bid Evaluation Protocols, section 6.2.

energy ("LCOE") and levelized cost of capacity ("LCOC") upon which PNM relied in its Phase 2 evaluation.[12]

[redacted]

PNM documented its Phase 2 evaluation in the Phase 2 Report, which was shared with Bates White, consistent with the RFP. Bates White independently verified all LCOE and LCOC calculations, as well as the determination and calculation of the Price, Non-Price, and Total scores in the Bid Evaluation Matrix.[21] We provided PNM with direct written feedback including numerous questions and comments on PNM's Phase 2 evaluation. PNM provided Bates White with written responses to

[12] PNM Phase 2 Report, Section 4.1(6).

[redacted]

[21] We note that PNM developed two matrices, one for EPC bids and one for all other bids (e.g., "market" bids). For simplicity, we refer to just one single Bid Evaluation Matrix.

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our questions and comments. In particular, we exchanged communications to understand why certain bids were picked which scored lower than other unselected bids; in general, several more expensive bids were brought into the shortlist to meet PNM's goal of incorporating "best-in-class" bids located on Navajo Nation land or within the CCSD.[22] We asked PNM if they would consider including more bids in the shortlist (especially bids which were not initially selected, but scored better than the "best-in-class" bids on Navajo Nation land or within the CCSD). PNM noted that these in-between bids were either likely non-viable due to high prices, or would not significantly strengthen the shortlist which already had several better-qualified resources.[23]

Bids removed from further consideration during the Phase 2 Evaluation process were removed for reasons that were consistent with the RFP, as we explain below.

B. Phase 2 Evaluation Results

In Phase 1, PNM selected one hundred eleven (111) bids from twenty-six (26) bidders representing thirty-eight (38) projects. Then, in February 2024 the evaluation of bids with a May 1, 2027 GSD was placed on hold. Bidders received an invitation to resubmit their proposals for a May 1, 2028 GSD. Some bidders provided entirely new proposals, but to maintain the integrity of the RFP process, PNM did not consider any new bids.[24] As noted above, PNM allowed bids with 2027 GSDs to refresh their offers with 2028 GSDs; PNM included three bids which had previously been excluded due to their 2027 GSD; these bids were found viable for the 2028 GSD timeline.

As a result of the bid refresh, forty (40) bids were eliminated. The bids were removed for the following reasons:

- 28 proposals were initially presented as duplicates, with both 2027 and 2028 GSDs. The 2027 proposals were removed.
- 3 proposals were selected under the RFP for a May 1, 2026 GSD and were thus removed from consideration.
- 2 proposals were withdrawn by the bidder.

[22] Phase 2 Report, page 14. See also, May 7, 2024 email to Bates White.

[23] May 7, 2024 email to Bates White.

[24] Phase 2 Report, page 4.

- 3 proposals were refreshed without an alternative pricing structure.
- 2 proposals were removed by the bidder as they indicated they could no longer satisfy the GSD of May 1, 2028.
- 2 proposals were not refreshed.

We communicated with PNM regarding the impact of the bid refresh, including whether to include refreshed bids which were submitted later than PNM's suggested refresh deadline. PNM noted that they would consider refreshes which were submitted in a timeframe which did not hold up or delay the evaluation. We found this to be reasonable, especially as the refreshes were updates to prior bids, rather than new bids altogether.[25] Following the bid refresh, the proposals considered in Phase 2 included seventy-four (74) bids from twenty-five (25) bidders representing thirty-seven (37) projects. These included:

- 28 bids for solar PV + ESS;
- 26 bids for standalone ESS;
- 9 bids for standalone solar PV;
- 1 bid for demand-side resources ("DSR");
- 3 bids for standalone wind;
- 3 bids for natural gas-fired aeroderivative turbines ("Aero"); and
- 4 bids for natural gas-fired frame turbines.[26]

The contract types for these offers are as follows:

- 44 power purchase agreements ("PPAs");
- 26 energy storage agreements ("ESAs");
- 2 engineering, procurement, and construction agreements ("EPC");

[25] PNM email to Bates White on March 7, 2024.

[26] Phase 2 Report, page 4.

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- 1 DSR agreement;
- 1 utility self-build; and
- 0 build-transfer agreements ("BT").[27]

The RFP specified two locational preferences. Projects that were sited either (a) on Navajo Nation lands or (b) in the Central Consolidated School District ("CCSD") would be preferred in the evaluation.[28] Proposals from nine bidders representing eleven projects located within the CCSD were considered in the Phase 2 evaluation. Proposals from five bidders representing six projects located on Navajo Nation lands were included in the Phase 2 evaluation.[29]

Collectively, the bids that passed Phase 1 included a total of 7,780 MW of generation capacity and 30,067 MWh of energy storage capacity.[30] The projects that were evaluated in Phase 2 are shown in Table 1 below.

[27] Phase 2 Report, Table 2-1.

[28] Bid Evaluation Document, section 1.

[29] Phase 2 Report, page 6.

[30] Phase 2 Bid Summary Document, tab "SUMM," cells I46:J46.

Table 1: Bids Evaluated in Phase 2

Bid #	Bidder Name	Project Name	Bid Tech	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	Location	Expected COD	Contract term (Years)
56-3	[redacted]		Aero	EPC	39	58,508	-	-	38	[redacted]	12/3/2027	-
56-4			Aero	EPC	235	351,815	-	-	230		12/3/2027	-
72-1.2			Aero	PPA	115	171,750	-	-	112		12/1/2027	20
27-1.3			BESS	ESA	-	-	150	300	92		12/1/2027	20
27-1.4			BESS	ESA	-	-	150	600	124		12/1/2027	20
27-2.1			BESS	ESA	-	-	500	2,000	405		12/1/2027	20
27-2.2			BESS	ESA	-	-	500	1,000	306		12/1/2027	20
27-2.3			BESS	ESA	-	-	400	1,600	325		12/1/2027	20
27-2.4			BESS	ESA	-	-	400	800	245		12/1/2027	20
27-2.5			BESS	ESA	-	-	300	1,200	244		12/1/2027	20

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27-2.6	[redacted]	BESS	ESA	-	-	300	600	184	[redacted]	12/1/2027	20
33-3.1		BESS	ESA	-	-	150	600	124		1/15/2028	18
33-3.2		BESS	ESA	-	-	100	400	84		1/15/2028	18
33-3.3		BESS	ESA	-	-	150	300	92		1/15/2028	18
33-3.4		BESS	ESA	-	-	100	200	61		1/15/2028	18
33-3.5		BESS	ESA	-	-	150	600	124		1/15/2028	18
33-3.6		BESS	ESA	-	-	100	400	84		1/15/2028	18
33-3.7		BESS	ESA	-	-	150	300	92		1/15/2028	18
33-3.8		BESS	ESA	-	-	100	200	61		1/15/2028	18
33-4.1		BESS	ESA	-	-	70	280	59		1/15/2028	18
33-4.2		BESS	ESA	-	-	70	140	43		1/15/2028	18
33-4.3		BESS	ESA	-	-	70	280	59		1/15/2028	18
33-4.4		BESS	ESA	-	-	70	140	43		1/15/2028	18
50-1		BESS	ESA	-	-	250	1,000	204		12/1/2027	20
58-1.1		BESS	ESA	-	-	400	1,600	325		12/31/2027	20
58-2.1		BESS	ESA	-	-	360	1,440	293		12/31/2027	20
6-1		BESS	ESA	-	-	200	800	164		1/1/2028	20

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78-1.1	[redacted]	BESS	ESA	-	-	150	600	124	[redacted]	12/31/2027	20
78-2.1		BESS	ESA	-	-	100	400	84		12/31/2027	20
74-1		DSR	DSR	7	260	0	0	0		1/0/1900	20
68-1.1		Frame	PPA	152	228,000	-	-	149		6/1/2028	12
68-1.2		Frame	PPA	152	228,000	-	-	149		6/1/2028	12
68-1.3		Frame	PPA	152	228,000	-	-	149		6/1/2028	12
68-1.4		Frame	PPA	166	249,000	-	-	163		6/1/2028	12
19-3.1		Solar	PPA	400	1,162,046	-	-	7		12/30/2027	20
19-3.2		Solar	PPA	400	1,162,046	-	-	7		12/30/2027	25
26-1		Solar	PPA	200	565,418	-	-	3		5/1/2028	20
3-1		Solar	PPA	150	436,745	-	-	2		8/31/2026	20
43-1		Solar	PPA	50	144,258	-	-	1		12/1/2027	20
5-1		Solar	PPA	100	301,820	-	-	2		12/30/2027	30

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80-1.1	[redacted]	Solar	PPA	170	643,087	-	-	3	[redacted]	3/15/2027	20
80-1.3		Solar	PPA	150	482,306	-	-	2		3/15/2027	20
80-1.4		Solar	PPA	100	321,525	-	-	2		3/15/2027	20
19-4.1		Solar & BESS	PPA	400	1,162,046	100	400	90		12/30/2027	20
19-4.2		Solar & BESS	PPA	400	1,162,046	100	400	90		12/30/2027	25
3-2.1		Solar & BESS	PPA	150	436,745	150	300	94		8/31/2026	20
35-1.2		Solar & BESS	PPA	50	148,998	25	100	22		4/1/2028	20
35-2.2		Solar & BESS	PPA	50	148,998	25	100	22		4/1/2028	20
35-3.2		Solar & BESS	PPA	150	435,637	75	300	66		4/1/2028	20
43-3.1		Solar & BESS	PPA	50	144,258	25	100	22		12/1/2027	20
43-3.2		Solar & BESS	PPA	50	144,258	50	200	43		12/1/2027	20
46-1		Solar & BESS	PPA	75	203,173	38	150	33		2/1/2028	25

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46-2	[redacted]	Solar & BESS	PPA	200	566,067	100	400	87	[redacted]	2/1/2028	25
50-2		Solar & BESS	PPA	250	717,541	250	1,000	208		12/1/2027	20
5-2		Solar & BESS	PPA	100	301,820	30	120	27		12/30/2027	30
58-1.2		Solar & BESS	PPA	200	576,218	400	1,600	328		12/31/2027	25 /20
58-2.2		Solar & BESS	PPA	312	885,031	360	1,440	298		12/31/2027	25 /20
59-1		Solar & BESS	EPC	100	290,480	30	120	27		4/1/2028	-
63-1.5		Solar & BESS	PPA	250	742,077	125	500	108		3/22/2028	20
63-1.6		Solar & BESS	PPA	250	742,077	125	500	108		3/22/2028	20
63-2.5		Solar & BESS	PPA	90	264,863	50	200	44		8/12/2027	20
63-2.6		Solar & BESS	PPA	90	264,863	50	200	44		8/12/2027	20
67-1		Solar & BESS	PPA	300	848,223	300	1,200	249		11/1/2027	20
73-3		Solar & BESS	PPA	90	205,989	68	272	59		11/1/2027	20
73-4		Solar & BESS	PPA	200	556,268	100	400	87		11/1/2027	20
73-5		Solar & BESS	PPA	100	276,574	50	200	44		2/1/2028	20
80-2.1		Solar & BESS	PPA	170	497,463	100	400	86		3/15/2028	20
80-2.3		Solar & BESS	PPA	150	482,306	75	300	66		3/15/2028	20

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80-2.4	[redacted]	Solar & BESS	PPA	100	321,525	50	200	44	[redacted]	3/15/2028	20
82-1.1		Solar & BESS	PPA	106	315,209	106	425	90		9/1/2027	20/15
9-1		Solar & BESS	PPA	190	531,546	190	760	159		11/1/2027	20
80-3.1		Wind	PPA	150	295,978	-	-	17		3/1/2027	20
80-3.2		Wind	PPA	90	177,587	-	-	10		3/1/2027	20
8-2		Wind	PPA	180	745,763	-	-	20		12/31/2027	20

Source: Bids and bid details drawn from Phase 2 Bid Summary Document, tab “Bid List.”

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In our view, PNM conducted the Phase 2 evaluation in a manner that was consistent with the RFP documents, including the non-public evaluation protocols. PNM assessed all bids that passed the Phase 1 evaluation and assessed each via PNM subject matter expert feedback, lifecycle financial analysis, an assessment of total delivered cost, and viability of delivering the project within the proposed timeline. Resources were evaluated in Phase 2 using the weighted scoring matrix identified in the RFP documents.

PNM solicited and received clarifying information from bidders in carrying out the Phase 2 evaluation and shortlist development. All observed communications were conducted through the RFP website portal. PNM's subject matter experts, including EPC and transmission experts, provided feedback and input into the evaluation.[31]

PNM's shortlist represents the "best-in-class" proposals of each technology offered in response to the RFP. PNM's shortlist includes several bids in CCSD as well as on Navajo Nation land.[32]

The shortlist does not include any projects with known fatal flaws and maintained viable bids that offered the most attractive delivered cost of energy and capacity.[33] Consistent with the RFP design and PNM's Phase 2 evaluation, we address the bids selected (and unselected) by technology category below.

1. Solar PV Bids

Nine bid variants from six bidders representing six projects were evaluated in Phase 2. Table 2 below shows the solar PV bids. PNM did not select any standalone solar bids, noting that they have "low effective load carrying capability" and that there is already "a significant quantity of solar" within PNM's system.[34]

[31] Phase 2 Report, page 7.

[32] Phase 2 Report, page 16.

[33] Phase 2 Report, page 15.

[34] Phase 2 Report, page 14.

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Table 2: Solar PV Bids Evaluated in Phase 2 (none selected for Short List)

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Accredited capacity (MW)	LCOE ($/MWh)	Price Score (LCOE)	Non-Price Score	Total Score - LCOE
80-1.1	[redacted]	[redacted]	Solar	PPA	170	643,087	2.79	[redacted]			
80-1.4			Solar	PPA	100	321,525	1.64				
19-3.1			Solar	PPA	400	1,162,046	6.56				
3-1			Solar	PPA	150	436,745	2.46				
26-1			Solar	PPA	200	565,418	3.28				
5-1			Solar	PPA	100	301,820	1.64				
43-1			Solar	PPA	50	144,258	0.82				
80-1.3			Solar	PPA	150	482,306	-	PNM did not calculate scoring for this bid, deciding instead to focus on more attractive options of the same projects.			
19-3.2			Solar	PPA	400	1,162,046	-				

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2. Solar PV + ESS Bids

Twenty-eight bid variants from fifteen bidders representing nineteen projects were evaluated in Phase 2. Table 3 below shows the solar PV + ESS bids, Short List selections (in white), and unselected bids (in gray).[35] [redacted] all had projects selected for the shortlist. These projects feature a collective total generation capacity of 1,350 MW and a storage capacity of 4,952 MWh.

[35] The table shows most bids as broken down by their solar PV (generation) component and ESS (storage) component. With the exception of the [redacted] proposal, battery LCOC values are based upon quoted volumetric pricing rather than fixed capacity pricing. Both quoted volumetric pricing and fixed capacity pricing were evaluated.

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Table 3: Solar PV + ESS Bids Evaluated in Phase 2 (with Short List selections in white)

Bid #	Bidder Name	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	LCOE ($/MWh)	LCOC ($/kW-yr)	Price Score (LCOE)	Price Score (LCOC)	Non-Price Score	Total Score - LCOE	Total Score - LCOC
360	[redacted]	[redacted]	[redacted]	Solar & BESS	PPA	190	531,546	190	760	159.03	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
9-1S				Solar & BESS	PPA	190	531,546	-	-	3.12							
9-1B				Solar & BESS	PPA	-	-	190	760	155.91							
58-1.2				Solar & BESS	PPA	200	576,218	400	1,600	328.00							
58-1.2S				Solar & BESS	PPA	200	576,218	-	-	3.28							
58-1.2B				Solar & BESS	PPA	-	-	400	1,600	324.71							
67-1				Solar & BESS	PPA	300	848,223	300	1,200	249.25							
67-1S				Solar & BESS	PPA	300	848,223	-	-	4.92							
67-1B				Solar & BESS	PPA	-	-	300	1,200	244.33							
73-3				Solar & BESS	PPA	90	205,989	68	272	58.84							
73-3S				Solar & BESS	PPA	90	205,989	-	-	1.48							
73-3B				Solar & BESS	PPA	-	-	68	272	57.36							
73-5				Solar & BESS	PPA	100	276,574	50	200	43.82							
73-5S				Solar & BESS	PPA	100	276,574	-	-	1.64							
73-5B				Solar & BESS	PPA	-	-	50	200	42.18							
80-2.1				Solar & BESS	PPA	170	497,463	100	400	86.35							
80-2.1S				Solar & BESS	PPA	170	497,463	-	-	2.79							

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80-2.1B	[redacted]	Solar & BESS	PPA	-	-	100	400	83.56
80-2.4		Solar & BESS	PPA	100	321,525	50	200	43.82
80-2.4S		Solar & BESS	PPA	100	321,525	-	-	1.64
80-2.4B		Solar & BESS	PPA	-	-	50	200	42.18
35-1.2		Solar & BESS	PPA	50	148,998	25	100	21.91
35-1.2S		Solar & BESS	PPA	50	148,998	-	-	0.82
35-1.2B		Solar & BESS	PPA	-	-	25	100	2109
35-2.2		Solar & BESS	PPA	50	148,998	25	100	21.91
35-2.2		Solar & BESS	PPA	50	148,998	25	100	0.82
35-2.2		Solar & BESS	PPA	50	148,998	25	100	2109
59-1		Solar & BESS	EPC	100	290,480	30	120	26.95
59-1S		Solar & BESS	EPC	100	290,480	-	-	1.64
59-1B		Solar & BESS	EPC	-	290,480	30	120	25.31
19-4.1		Solar & BESS	PPA	400	1,162,046	100	400	90.13
19-4.1S		Solar & BESS	PPA	400	1,162,046	-	-	6.56
19-4.1B		Solar & BESS	PPA	-	-	100	400	83.56
35-3.2		Solar & BESS	PPA	150	435,637	75	300	65.73

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35-3.2S	[redacted]	Solar & BESS	PPA	150	435,637	-	-	2.46
35-3.2B		Solar & BESS	PPA	-	-	75	300	63.27
73-4		Solar & BESS	PPA	200	556,268	100	400	86.85
73-4S		Solar & BESS	PPA	200	556,268	-	-	3.28
73-4B		Solar & BESS	PPA	-	-	100	400	83.56
82-1.1		Solar & BESS	PPA	106	315,209	106	425	90.33
82-1.1S		Solar & BESS	PPA	106	315,209	-	-	1.74
82-1.1B		Solar & BESS	PPA	-	-	106	425	88.59
3-2.1		Solar & BESS	PPA	150	436,745	150	300	94.26
3-2.1S		Solar & BESS	PPA	150	436,745	-	300	2.46
3-2.1B		Solar & BESS	PPA	-	-	150	300	91.80
5-2		Solar & BESS	PPA	100	301,820	30	120	26.95
5-2S		Solar & BESS	PPA	100	301,820	-	-	1.64
5-2B		Solar & BESS	PPA	-	-	30	120	25.31
43-3.1		Solar & BESS	PPA	50	144,258	25	100	21.91
43-3.1S		Solar & BESS	PPA	50	144,258	-	-	0.82
43-3.1B		Solar & BESS	PPA	-	-	25	100	21.09
43-3.2		Solar & BESS	PPA	50	144,258	50	200	43.00
43-3.2S		Solar & BESS	PPA	50	144,258	-	-	0.82
43-3.2B		Solar & BESS	PPA	-	-	50	200	42.18
46-1		Solar & BESS	PPA	75	203,173	38	150	32.87
46-1S		Solar & BESS	PPA	75	203,173	-	-	1.23
46-1B		Solar & BESS	PPA	-	-	38	150	31.64

[redacted]

Memorandum

46-2	[redacted]	Solar & BESS	PPA	200	566,067	100	400	86.85
46-2S		Solar & BESS	PPA	200	566,067	-	-	3.28
46-2B		Solar & BESS	PPA	-	-	100	400	83.56
50-2		Solar & BESS	PPA	250	717,541	250	1,000	208.24
50-2S		Solar & BESS	PPA	250	717,541	-	-	4.10
50-2B		Solar & BESS	PPA	-	-	250	1,000	204.14
58-2.2		Solar & BESS	PPA	312	885,031	360	1,440	297.68
58-2.2S		Solar & BESS	PPA	312	885,031	-	-	5.12
58-2.2B		Solar & BESS	PPA	-	-	360	1,440	292.56
63-2.5		Solar & BESS	PPA	90	264,863	50	200	43.66
63-2.5S		Solar & BESS	PPA	90	264,863	-	-	1.48
63-2.5B		Solar & BESS	PPA	-	-	50	200	42.18
63-2.6		Solar & BESS	PPA	90	264,863	50	200	43.66
63-2.6S		Solar & BESS	PPA	90	264,863	-	-	1.48
63-2.6B		Solar & BESS	PPA	-	-	50	200	42.18
63-1.6		Solar & BESS	PPA	250	742,077	125	500	107.76
63-1.6S		Solar & BESS	PPA	250	742,077	-	-	4.10
63-1.6B		Solar & BESS	PPA	-	-	125	500	103.66
63-1.5		Solar & BESS	PPA	250	742,077	125	500	107.76
63-1.5S		Solar & BESS	PPA	250	742,077	-	-	4.10
63-1.5B		Solar & BESS	PPA	-	-	125	500	103.66

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19-4.2	[redacted]	Solar & BESS	PPA	400	1,162,046	100	400	90.13	PNM did not price this bid, instead opting to evaluate the alternative offer (19-4.1) due to its closer comparability to other bids.
80-2.3		Solar & BESS	PPA	150	482,306	75	300	65.73	PNM did not price this bid, opting to evaluate the other bids offered by this bidder.

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3. Standalone ESS Bids

Twenty-six bid variants from six bidders representing ten projects were evaluated in Phase 2. All of the bids were offered under an ESA contract structure. Table 4 below shows the standalone ESS bids, Short List selections (in white), and unselected bids (in gray).

PNM selected nine bids from three bidders [redacted]. PNM included [redacted] (Bid No. 58-1.1) on the shortlist because the project would be located on Navajo Nation land, helping to fulfill PNM's effort to retain "best-in-class" generation projects on Navajo Nation land.[36]

[36] Phase 2 Report, page 14. See also, May 7, 2024 email to Bates White.

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Table 4: Standalone ESS Bids Evaluated in Phase 2 (with Short List selections in white)

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	LCOC ($/kW-yr)	Price Score (LCOC)	Non-Price Score	Total Score - LCOC
78-2.1			BESS	ESA	-	-	100	400	83.6				
78-1.1			BESS	ESA	-	-	150	600	123.8				
33-3.3			BESS	ESA	-	-	150	300	91.8				
33-3.1			BESS	ESA	-	-	150	600	123.8				
33-4.1			BESS	ESA	-	-	70	280	59.1				
33-3.2			BESS	ESA	-	-	100	400	83.6				
33-4.2			BESS	ESA	-	-	70	140	42.8				
33-3.4			BESS	ESA	-	-	100	200	61.2				
6-1			BESS	ESA	-	-	200	800	163.9				
27-2.6			BESS	ESA	-	-	300	600	183.6				
27-1.3a			BESS	ESA	-	-	150	300	91.8				
27-2.2a			BESS	ESA	-	-	500	1,000	306.0				
27-2.5			BESS	ESA	-	-	300	1,200	244.3				

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27-1.4a	[redacted]	BESS	ESA	-	-	150	600	123.8	[redacted]
27-2.1		BESS	ESA	-	-	500	2,000	405.1	
58-1.1		BESS	ESA	-	-	400	1,600	324.7	
58-2.1		BESS	ESA	-	-	360	1,440	292.6	
50-1		BESS	ESA	-	-	250	1,000	204.1	
33-3.5		BESS	ESA	-	-	150	600	123.8	PNM did not score these bids, instead focusing on lower priced, more attractive options of the same project.
33-3.6		BESS	ESA	-	-	100	400	83.6	
33-3.7		BESS	ESA	-	-	150	300	91.8	
33-3.8		BESS	ESA	-	-	100	200	61.2	
33-4.3		BESS	ESA	-	-	70	280	59.1	
33-4.4		BESS	ESA	-	-	70	140	42.8	
27-2.3		BESS	ESA	-	-	400	1,600	324.7	
27-2.4		BESS	ESA	-	-	400	800	244.8	

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4. DSR Bids

One bid variant from one bidder representing one project was evaluated in Phase 2. Table 5 below shows the standalone DSR bid. No bids were selected for the shortlist, as [redacted] withdrew the lone DSR bid (Bid 74-1) from consideration.[37]

[37] Bid Evaluation Matrix, tab "Ranking Sheet," cell CF24.

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Table 5: DSR Bids Evaluated in Phase 2 (none selected for Short List)

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	LCOE ($/MWh)	Price Score (LCOC)	Non-Price Score	Total Score - LCOC
74-1	[redacted]	[redacted]	DSR	DSR	7	260	-	0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

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5. Wind Bids

Three wind bids from two bidders representing two projects were evaluated in Phase 2. Table 6 below shows the wind bids evaluated, with Short List selections (in white), and unselected bids (in gray).

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Table 6: Wind Bids Evaluated in Phase 2 (with Short List selections in white)

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	LCOE ($/MWh)	Price Score (LCOE)	Non-Price Score	Total Score - LCOE
8-2	[redacted]	[redacted]	Wind	PPA	180	745,763	-	-	20	[redacted]			
80-3.1			Wind	PPA	150	295,978	-	-	17				
80-3.2			Wind	PPA	90	177,587	-	-	10	PNM did not price this bid as the proposal was ultimately not refreshed by the bidder.			

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6. Gas Aero Bids

Three bid variants (two EPC, one PPA) from two bidders representing three projects were evaluated in Phase 2. Table 7 below shows the gas-fired aeroderivative turbine bids, Short List selections (in white), and unselected bids (in gray). Two bids were selected for the shortlist.

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Table 7: Gas Aero Bids Evaluated in Phase 2 (with Short List selections in white)

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	LCOC ($/kW-yr)	Price Score (LCOC)	Non-Price Score	Total Score - LCOC
56-3	[redacted]	[redacted]	Aero	EPC	39	58,508	-	-	38.2	[redacted]	[redacted]	[redacted]	[redacted]
56-4			Aero	EPC	235	351,815	-	-	229.9				
72-1.2			Aero	PPA	115	171,750	-	-	112.2				

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7. Gas Frame Bids

Four bid variants (all PPAs) from one bidder representing one project were evaluated in Phase 2. Table 8 below shows the gas-fired frame turbine bids, Short List selections (in white), and unselected bids (in gray). Bid 68-1.4 was selected for the shortlist over a higher-scoring bid due to its faster starting/ramping abilities.[38]

[38] Phase 2 Bid Summary Document, tab "Bid List," cells DY84 and DY85.

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Table 8: Gas Frame Bids Evaluated in Phase 2 (with Short List selections in white)

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	LCOC ($/kW-yr)	Price Score (LCOC)	Non-Price Score	Total Score - LCOC
68-1.1			Frame	PPA	152	228,000	-	-	149				
68-1.2			Frame	PPA	152	228,000	-	-	149				
68-1.3			Frame	PPA	152	228,000	-	-	149				
68-1.4			Frame	PPA	166	249,000	-	-	163				

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8. Final Shortlist

PNM's shortlist includes twenty-four (24) total bids from twelve (12) bidders across seventeen (17) projects.[39] The shortlist includes (a) solar plus storage, (b) standalone storage, (c) standalone wind, (d) a frame gas project and (e) an aeroderivative gas project. The bids' ownership structures included PPAs, ESAs, EPC contracts, and a utility self-build.[40] When accounting for site and bid variant mutual exclusivity, the bids' collective generation capacity totaled 2,122 MW, the collective storage capacity of the storage bids was 9,472 MWh,[41] and the total accredited capacity of the projects was 2,945 MW. The full shortlist is shown in Table 9 on the following page.

In our view, PNM's shortlist is reasonable. The shortlist offers significant variation in technology and counterparty and represents the strong participation in this procurement process.

[39] Phase 2 Report, page 16.

[40] Phase 2 Report, page 15.

[41] Phase 2 Bid Summary Document, tab "SUMM," cells J92:J93.

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Table 9: Short List

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Generation Output (Annual MWh)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited capacity (MW)	Location	Expected COD	Contract term (Years)
56-3			Aero	EPC	39	58,508	-	-	38		12/3/2027	-
56-4			Aero	EPC	235	351,815	-	-	230		12/3/2027	-
68-1.2			Frame	PPA	152	228,000	-	-	149		6/1/2028	12
68-1.4			Frame	PPA	166	249,000	-	-	163		6/1/2028	12
8-2			Wind	PPA	180	745,763	-	-	20		12/31/2027	20
33-3.1			BESS	ESA	-	-	150	600	124		1/15/2028	18
33-3.2			BESS	ESA	-	-	100	400	84		1/15/2028	18
33-3.3			BESS	ESA	-	-	150	300	92		1/15/2028	18
33-3.4			BESS	ESA	-	-	100	200	61		1/15/2028	18
33-4.1			BESS	ESA	-	-	70	280	59		1/15/2028	18
33-4.2			BESS	ESA	-	-	70	140	43		1/15/2028	18
58-1.1			BESS	ESA	-	-	400	1,600	325		12/31/2027	20
78-1.1			BESS	ESA	-	-	150	600	124		12/31/2027	20
78-2.1			BESS	ESA	-	-	100	400	84		12/31/2027	20
9-1			Solar & BESS	PPA	190	531,546	190	760	159		11/1/2027	20

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35-1.2	[redacted]	Solar & BESS	PPA	50	148,998	25	100	22	[redacted]	4/1/2028	20
35-2.2		Solar & BESS	PPA	50	148,998	25	100	22		4/1/2028	20
58-1.2		Solar & BESS	PPA	200	576,218	400	1,600	328		12/31/2027	25 /20
59-1		Solar & BESS	EPC	100	290,480	30	120	27		4/1/2028	-
67-1		Solar & BESS	PPA	300	848,223	300	1,200	249		11/1/2027	20
73-3		Solar & BESS	PPA	90	205,989	68	272	59		11/1/2027	20
73-5		Solar & BESS	PPA	100	276,574	50	200	44		2/1/2028	20
80-2.1		Solar & BESS	PPA	170	497,463	100	400	86		3/15/2028	20
80-2.4		Solar & BESS	PPA	100	321,525	50	200	44		3/15/2028	20

Independent Evaluator Report on Phase 3 Evaluation

PNM Exhibit RWN-11

Is contained in the following 21 pages.

BATES WHITE
ECONOMIC CONSULTING

Public Redacted Memorandum

To PNM Resources
From Bates White, LLC
Date October 24, 2024
Re 2026-2028 Generation Resources RFP: Review, Assess, and Report on Phase 3 Evaluation Report

Purpose

Bates White, LLC ("Bates White") was retained by Public Service Company of New Mexico ("PNM"), a wholly owned subsidiary of PNM Resources, Inc., to serve as an Independent Monitor for its 2026-2028 Generation Resources RFP ("RFP"). The RFP was issued on November 3, 2022 and sought the supply of up to 500 MW in 2026, up to 400 MW in 2027, and up to 500 MW in 2028 of firm capacity resources to serve PNM's New Mexico system. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before May 1, 2026, May 1, 2027, or May 1, 2028. Given the limited time available to PNM to complete the RFP and contracting process for May 1, 2026 resources, PNM bifurcated the RFP into two paths, focusing first on the evaluation of resources promising a Guaranteed Start Date of May 1, 2026 or earlier. This memo addresses the evaluation of resources submitted for the May 1, 2028 Guaranteed Start Date.[1]

In this memo, we review and assess PNM's Phase 3 evaluation for the RFP. The primary document that presents the results of PNM's evaluation is the "2026-2028 Generation Resources RFP Phase 3 Bid Evaluation Summary" ("Phase 3 Report"), received on July 22, 2024 as an initial draft and revised to a final report released on August 20, 2024. The Phase 3 Report describes the process and results of Phase 3 of the bid evaluation. We also were provided and reviewed PNM's "Confidential PNM 2028 RFP Bid Summary Document (20240624)-Final.xls" ("Phase 3 Bid Summary Document") which contained detailed information about each bid. PNM also sent Bates White modeling inputs, modeling results, and information related to the issue of locational preferences for projects in the Central Consolidated School District ("CCSD") and Navajo Nation. PNM and Bates White held both written and oral discussions regarding the Phase 3 evaluation.

In developing this memo, we consulted (a) the RFP documents as filed, (b) the confidential bid evaluation protocols ("Bid Evaluation Protocols"), (c) the bids, (d) the Phase 3 Bid Summary

[1] As we noted in our Phase 2 memo, while PNM received and evaluated bids with Guaranteed Start Dates of May 1, 2027, PNM placed those bids on hold and instead invited those bidders (plus bidders with Guaranteed Start Dates of May 1, 2028) to submit refreshed bids with Guaranteed Start Dates of May 1, 2028.

Document, (e) the Phase 3 Report, (f) modeling inputs and outputs, (g) imputed debt materials provided by PNM, and (h) our discussions with PNM evaluators regarding the RFP and Phase 3 evaluation. We assess PNM's application of the Phase 3 evaluation criteria, determining if PNM followed the evaluation protocols finalized in advance of RFP issuance, and identifying any areas with which we might disagree with PNM or require additional clarification.

1. Analysis

In this section, we provide our analysis of PNM's Phase 3 evaluation results. Overall, we found PNM's results reasonable.

A. Compliance with RFP, Evaluation Documents

The purpose of Phase 3 is to evaluate all short-listed bids to select a project or portfolio of projects that best meets the objectives of the RFP. Section 8.2.3 of the RFP explains the Phase 3 evaluation process:

> Short-listed Proposals will undergo further assessment in the Phase Three evaluation. The Phase Three evaluation will involve portfolio system modeling, more in-depth assessment of the pricing factors noted [earlier in the RFP], additional due diligence assessment of the ability to achieve the project schedule, as well as comparison and ranking of additional non-price factors. All factors will be ranked in a Proposal ranking matrix to assist in the final selection of Proposals. The results of the ranking matrix will be considered in conjunction with portfolio economics and system reliability evaluation results from the system portfolio modeling analyses. From the final set of short-listed Proposals, PNM will select the preferred alternative or combination of alternatives and will pursue negotiations to secure resources. Provided the parties successfully negotiate an Agreement for the project, PNM will then make appropriate filings seeking approval from the Commission based on the negotiated terms of the Agreement(s).[2]

The RFP identified the "additional non-price factors" included in Phase 3, including (a) commercial/contract compliance, (b) respondent characteristics, (c) environmental considerations, (d) project design plan and characteristics, (e) electrical interconnection plan and transmission system benefits, and (f) community/stakeholder considerations.[3] The RFP also allowed PNM to consider

[2] RFP, section 8.2.3.

[3] RFP, section 8.2.3.1.

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potential benefits from the projects through participation in the California ISO's Energy Imbalance Market, a market in which PNM is a participant.[4]

The Bid Evaluation Protocols document, which is non-public, elaborated on the Phase 3 evaluation process. It stated that, if necessary, "additional Bidder questions and clarifications [may be] issued, as required, and more in-depth PNM SME reviews [will take] place."[5] The Bid Evaluation Matrix "may be further refined for the shortlisted resources to identify those, by technology, that evaluate most favorably."[6] The Bid Evaluation Protocols stated that "various portfolios will be evaluated and analyzed via PNM's system portfolio modeling tools" and that "the system portfolio modeling will be utilized to determine several new resource portfolios that best satisfy the RFP objectives."[7] The Protocols further stated:

> Following the completion of the scoring matrices and the portfolio modeling, both with the 'as-evaluated' costs and the risk-adjusted costs, PNM may pursue contract negotiations with one or more Bidders. Due to timing constraints associated with the May 1, 2026 resources, PNM may also advance initial provisional negotiations sooner than completion of the evaluation based on Proposals under consideration and pending results of the final evaluation. PNM anticipates advancing multiple Proposals into a final shortlist selection to maintain leverage and competitive forces and to retain alternative Proposals should negotiations with selected Bidders be unsuccessful.
>
> At the conclusion of Phase 3, a Phase 3 Evaluation Summary report will be issued and provided to the Independent Evaluator for review. Bidders will be notified accordingly regarding potential selection or non-consideration.[8]

In our view, PNM conducted the Phase 3 evaluation in a manner that was consistent with the RFP documents, including the non-public Evaluation Protocols. PNM evaluated all bids that passed the Phase 2 evaluation. These "short list" projects included 24 project variants from 12 bidders and 17 projects. Consistent with the Bid Evaluation Protocols, PNM engaged in bidder meetings with shortlisted bidders and sought further clarifications of bid terms with bidders through the bidding platform. Following these meetings, six bids were ultimately withdrawn for the following reasons:

- The two aeroderivative gas turbine bids offered by [redacted] (56-3, 56-4), which were to consist of [redacted] turbines, were withdrawn as the bidder could not meet the proposed Guaranteed Start Date of May 1, 2028 due to limited availability of

4 RFP, section 8.3.2.1.

5 Bid Evaluation Protocols, section 6.3.

6 Bid Evaluation Protocols, section 6.3.

7 Bid Evaluation Protocols, section 6.3.

8 Bid Evaluation Protocols, section 6.3.

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necessary equipment. The bidder noted "unprecedented market scarcity impacting all aspects of the [redacted] supply chain."[9]

- Two solar-plus-storage bids offered by [redacted] were withdrawn (80-2.1 and 80-2.4), as the project [redacted] had been committed to another offtaker.[10]

- One solar-plus-storage bid [redacted] (9-1), which had been offered at 190 MW, would only have 50 MW of transmission capacity to deliver to the grid. The project would have required substantial equipment upgrades at the point of interconnection to deliver 190 MW of energy to PNM, preventing the bid from meeting the Guaranteed Start Date. The bidder offered a bid refresh for the 190 MW as-bid project, as well as an offer for a revised 50 MW project.[11] PNM appropriately chose not to evaluate the latter, as it represented an entirely new bid, while also not further evaluating the former given the limited amount of transmission capacity available to the project.[12]

- One standalone BESS bid offered by [redacted] (58-1.1) – which was also being evaluated as a solar-plus-storage bid [redacted] – was withdrawn as the bidder elected to only move forward with the solar-plus-storage bid.[13]

As a result of the clarifications and updates stemming from the shortlist bidder meetings, the resulting Phase 3 evaluation shortlist included a total of 18 bids:

- One wind bid with a PPA structure,

- Eight standalone BESS bids under an ESA structure,

- Seven hybrid solar-plus-storage bids, six of which utilized a PPA structure and the seventh a self-build/EPC structure, and

- Two gas frame bids under a PPA structure.

PNM conducted portfolio system modeling, additional in-depth assessment of the pricing factors and due diligence assessment of the ability to achieve the project schedule. PNM updated its bid summary

9 [redacted]

10 June 7, 2024 call with PNM.

11 [redacted]

12 June 7, 2024 call with PNM.

13 June 7, 2024 call with PNM.

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document to reflect the Phase 3 evaluation work. PNM considered the results of the portfolio modeling alongside other important information about each bid in selecting a final award group. This included specifying a locational preference, as we explain below. PNM documented its Phase 3 evaluation in the Phase 3 Report, which was shared with Bates White, consistent with the RFP. Bates White reviewed PNM's portfolio modeling assumptions, inputs, and results. We were in regular contact with PNM in the latter stages of Phase 3. In addition to conference calls with PNM, we provided PNM with direct written feedback including numerous questions and comments on PNM's Phase 3 evaluation. PNM provided Bates White with written responses to our questions and comments. The final award group was developed consistent with the RFP documents and, as we explain below, was reasonable. We provide details of the Phase 3 Evaluation process below.

B. Description of Portfolio Modeling Process

The Phase 3 evaluation was largely conducted by PNM's resource planning team using commercially-available, off-the-shelf capacity expansion and production cost simulation modeling software.[14] Modeling inputs were developed by PNM's RFP administration team and provided to the resource planning team; the EPC support team provided additional inputs and assumptions to be used in the model (e.g., resource characteristics, O&M costs). The model sought to determine the lowest cost portfolio of new resources to meet forecasted customer load needs, including all reliability planning constraints and applicable environmental regulations.

To accomplish this, the model required myriad inputs and assumptions, which included:

- Costs, performance characteristics, commercial operations dates, and asset life of short-listed RFP resources.[15] These inputs come from the bidders themselves, with the exception of the effective load carrying capability ("ELCC") of each resource, which we explain below.
- Costs, performance characteristics, commercial operations dates, and asset life of existing PNM resources. These inputs reflect the assets that currently serve PNM's ratepayers and are intended to be consistent with PNM's Integrated Resource Plan ("IRP") process and modeling.[16]
- Forecasted PNM load, using PNM's most up-to-date base case load forecast.

[14] PNM used the EnCompass model for this purpose. See, for example, "EnCompass Bid Summary Inputs EPC 4-29-24.xlsx"

[15] See, for example, "Modeling Inputs 2028 Resources – 06-17-24.xlsx."

[16] See, for example, "Results_082024_AllPriorities_ForIE.xlsx", tab "Company Annual Technology".

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- Environmental limits and requirements. These include resource-specific limitations (e.g., emissions limitations associated with Section 62-19-10(D) of the New Mexico Public Utility Act) and PNM-wide requirements (e.g., Renewable Portfolio Standard ("RPS")).[17]
- Reliability requirements, which are based on a specified loss of load expectation ("LOLE") over the planning horizon and are explained further below.
- Transmission system capabilities and limitations, which reflects PNM's existing transmission assets.
- Fuel prices, which are consistent with those used in PNM's IRP process.
- Generic resource capital costs and characteristics that would be available to the model in future years in the planning horizon.

PNM conducted sensitivity modeling runs on several of these variables, including load forecasts, capital cost assumptions, and fuel prices. These sensitivities are important, as they allow for a more robust review of the competing portfolios' performances and avoid portfolio selections that are overly dependent on extreme assumptions around a single variable.

The ultimate metric PNM used to compare resource portfolios is the net present value ("NPV") of revenue requirement ("NPVRR") for the planning horizon (in this case, 20 years), accounting for all the costs of the new and existing resources. [18]

Before we turn to the results of the Phase 3 evaluation, we highlight five key Phase 3 evaluation issues.

1. RFP Resource ELCCs

Determining a given resource's contribution to addressing system capacity needs is not done by simply attributing the resource's entire nameplate capacity to the existing set of system resources. Instead, it is important to incorporate the specific technology and performance of the resource to ensure that the capacity contribution of that resource is accurate. This is particularly important in systems that have higher levels of renewable energy penetration. To take a highly simplified example, consider a system that has peak demand of 1,000 MW. A system of 1,000 MW of solar PV resources would not be a reliable solution, despite its total nameplate capacity of 1,000 MW. The PV-only system would only produce electricity during the daylight hours (and not always at full capacity). By

[17] See, for example, "Results_082024_AllPriorities_ForIE.xlsx", tab "Company Annual Programs".

[18] See, for example, "Results_082024_AllPriorities_ForIE.xlsx", tab "BidSummary", rows 45 and 46.

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contrast, a 1,000 MW gas-fired turbine would be able to produce its full nameplate capacity (or close to it) as needed.

To account for these and other realities and complexities in assessing resource capacity contributions, PNM (and many other utilities) use loss-of-load probability models[19] to assess the "effective load carrying capability," or ELCC, of each resource. ELCC essentially determines the capacity contribution, in MW, that can be relied upon in meeting the utility's demand plus reserves in peak hours over the planning horizon. Importantly, resource ELCCs can change dramatically as renewable and energy-limited resource penetration increases. For example, as solar penetration increases, a utility's "net load" – load, minus renewable generation – decreases, which can shift that utility's peak hours to evening hours when solar generation stops producing. Thus, in systems with no solar resource penetration, new solar resource ELCCs will be much higher than those in systems with high amounts of solar resource penetration.

PNM accounted for this phenomenon by using resource-specific ELCCs for its renewable generation resources and energy storage resources. PNM used values consistent with its 2023 IRP.[20] Within PNM's modeling, the ELCC's are dynamic in nature, meaning they can change over time as more of that technology is added to the portfolio.[21] At the beginning of the 20-year planning horizon, new solar PV received ELCCs of about 6% of nameplate capacity; new 4-hour duration battery storage resources had ELCCs of 82% of nameplate capacity; wind received an ELCC of 20%; and gas an ELCC of 96.7%.[22] We recommend PNM continue to monitor and, where appropriate, update its ELCC studies and use its most updated ELCC values in future evaluations and planning exercises.

2. Reliability Planning Standard (LOLE)

One of the more important planning criteria electric utilities must determine is the amount of excess capacity to carry in order to maintain reliability – this accounts for the fact that not all resources will be online at all times or perform as expected. This excess is known as a "planning reserve margin." For example, if a utility forecasts a peak demand of 1,000 MW, and has a 10% planning reserve margin, the utility will seek to ensure 1,100 MW of resource capacity.

To determine the appropriate planning reserve margin, utilities may rely upon a calculation of the loss of load expectation, or LOLE, for their system given a peak demand forecast and a modeled supply

[19] PNM uses the off-the-shelf, commercially-available model SERVM. See PNM-2023-IRP-Appendix M, pdf page 1.

[20] See PNM-2023-IRP-Appendix M, pdf page 1.

[21] July 24, 2024 PNM email to Bates White.

[22] See PNM-2023-IRP-Appendix M, pdf page 1; see also "Results_082024_AllPriorities_ForIE.xls," tab "Company Annual Technology," which provides a comparison of nameplate capacity and expected firm capacity.

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portfolio. LOLE is a common metric calculated by production cost simulation and capacity expansion models that determines, for a given time period, the number of hours in which the system would have insufficient supply to meet demand. The most common time horizon for reporting the LOLE is the number of days in a year that supply would be insufficient to meet demand. Utilities, including PNM, use loss-of-load probability modeling software to determine the amount of accredited capacity needed to meet an LOLE planning standard; PNM uses SERVM.

Many utilities have established LOLE planning standards, and the most common is "0.1 LOLE," which means that there will be one day in ten years in which the system's supply would be insufficient to meet demand. While PNM has historically used 0.2 LOLE, a less stringent standard that translates to two loss of load event days in ten years, PNM has discussed its intent to transition to a 0.1 LOLE standard in its 2020 IRP and received approval of resources which meet that standard in its 2026 Resource Application filing made in 2022. PNM has continued to utilize the 0.1 LOLE standard in its 2023 IRP of which its Statement of Need and Action Plan was approved in April 2024.[23] PNM applied a 0.1 LOLE standard in this RFP for the 2028 bids. This translates to a planning reserve margin of 16%.[24]

3. RFP Short-Listed Energy Storage Resource Costs (Fixed and Variable—Imputed Debt)

The RFP offered bidders substantial flexibility in their bids, allowing resource technologies, contract/ownership structures, and bid price options of all kinds. This included projects that included energy storage (either standalone or paired with renewable generation), allowing for third-party energy storage agreements ("ESA") that include capacity price components, variable priced components, or both; third-party power purchase agreements ("PPA") for projects paired with generation resources (allowing for fixed and/or volumetric pricing); and engineering, procurement, and construction ("EPC") agreements that require specification of a lump sum payment to deliver the project (which would then be owned by PNM).

While these flexibilities are a best practice of competitive procurement, PNM cannot control which options bidders select. In this instance, standalone BESS offers fell into three categories: (1) standalone BESS bids under ESAs with a capacity charge ($/kW-month); (2) standalone BESS bids under EPC contracts with lump sum ($) bid prices; and (3) solar PV plus BESS projects that include both a fixed capacity payment ($/kW-month) and a volumetric price component ($/MWh). The

[23] See PNM-2023-IRP-Appendix M, pdf page 10.

[24] PNM's July 25, 2024 email to Bates White.

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common factor in the non-EPC types of offers quoted is that the bidder is paid a specified capacity payment, regardless of how the BESS system is used (i.e., how much energy it discharges to the grid).

During the evaluation of projects for the May 1, 2026 Guaranteed Start Date, PNM identified a concern with the fixed capacity payment structure for the standalone BESS projects bid under an ESA contract and PV+BESS projects bid with the BESS under a fixed payment per kw. PNM's concern was that the fixed capacity payment structure would result in an on-balance sheet lease liability under accounting standard ASC 842 or, in the event that the contracts were not recognized as on-balance sheet liabilities, that the credit rating agencies would "impute" the fixed capacity payments under the ESAs as debt in calculating their respective credit metrics for PNM. Since those credit metrics are direct inputs into the credit rating agencies' credit ratings of PNM and its affiliates, such imputed debt adjustments could impact PNM's cost of capital and, by extension, have impacts on ratepayers.

Bates White and PNM discussed this issue at length. It has been our experience that utilities may seek return on purchased power, or boosted return on equity, or more advantageous capital structures in an effort to offset the specter of imputed debt. In competitive solicitations, utilities may also seek to include imputed debt "adders" to third-party offers as well, as a means of quantifying imputed debt risk. As independent evaluators and expert witnesses, we consistently seek evidence that rating agencies actually will impute debt.

In this case, we found that PNM had sufficient evidence that at least one rating agency (Standard & Poors ("S&P")) is likely to impute some level of debt associated with any energy storage project that includes a fixed capacity payment.[25] We based this conclusion primarily based on PNM's summary of meetings held with S&P and Moody's (who is not likely to impute debt), as well as our understanding of the credit rating agencies' debt imputation approaches. Most notable was the fact that S&P stated in a September 2022 opinion that "if financial metrics decline such that PNM's ratio of CFO pre-W/C to debt is sustained below 16% the rating could be downgraded." This provided to us clear evidence that additional imputed debt could potentially lead to real-world consequences for PNM.

Importantly, we inquired with PNM about whether it would actually pursue offsetting the cost of imputed debt with the PRC if it was to select fixed price offers. PNM confirmed it would likely pursue cost recovery. Given this, we found it reasonable that PNM sought volumetric-priced offers from energy storage bidders since it would be possible that the volumetric-priced offers – which were likely to have higher evaluated direct costs – would actually be lower cost to customers due to the

[25] We found no evidence that any agreements pursued in this RFP would result in on-balance sheet lease liabilities under accounting standard ASC 842.

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avoidance of imputed debt and its effects. PNM was not obligated to select the volumetric price offers but would only have the option to do so.

During Phase 1 of the evaluation for projects with a May 1, 2028 Guaranteed Start Date, PNM had requested all bidders offering an energy storage resource for a May 1, 2028 Guaranteed Start Date to provide pricing on both a fixed capacity payment structure ($/kW-mo) and a volumetric pricing structure (based upon a $/MWh applied to a co-located solar generation resource). For the Phase 2 evaluation, the shortlist considered both the original fixed capacity pricing structure as well as volumetric pricing structure (where available). No bidders were excluded from evaluation solely as a result of not providing pricing on a volumetric basis.

Of the shortlisted bidders evaluated in Phase 3, three of the four bidders offering solar-plus-storage projects were willing to commit to a volumetric pricing structure where the payment for energy storage would be based on the production of solar energy from the co-located solar PV facility. The one remaining bidder offering a solar-plus-storage project would not commit to a volumetric pricing structure without some guaranteed minimum payment from PNM. PNM determined that this structure would still result in an on-balance sheet lease liability which might result in reclassification of this liability as debt by S&P.

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Table 1: Fixed Capacity Offers (in green) and Volumetric-Priced Offers (in orange) from Storage Bids (ESA, PPA)[26]

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	PPA Price ($/MWh)	ESA Capacity Price ($/kW-month)	Total Combined PPA and ESA Variable Price ($/MWh)
35-2.2	[redacted]		Solar & BESS	PPA	[redacted]		
35-1.2			Solar & BESS	PPA			
67-1			Solar & BESS	PPA			
73-3			Solar & BESS	PPA			
73-5			Solar & BESS	PPA			
58-1.2			Solar & BESS	PPA			
33-3.3			BESS	ESA			
33-3.4			BESS	ESA			
33-4.2			BESS	ESA			
33-3.1			BESS	ESA			
78-1.1			BESS	ESA			
33-3.2			BESS	ESA			
78-2.1			BESS	ESA			
33-4.1			BESS	ESA			

Generally, the volumetric offers received exceeded those of the fixed capacity offers. Table 2 shows that for four of the five offers, volumetric pricing exceeded fixed capacity offers by approximately 1.0% to 4.4%. One offer [redacted] had a slightly lower evaluated LCOE and LCOC for its volumetric bid. Table 2 does not contain the impact of imputed debt. Please note that

[26] This table includes only the bid prices as offered by the bidders but does not include other costs associated with the bids, including Gross Receipts Tax and losses from the BESS systems. There is a 3% annual escalation applied to the prices listed for bids 73-3 and 73-5. Additionally, the Aypa Power bids also involve a $5/MWh battery energy charge that is additional to the ESA capacity price; see Confidential PNM 2028 RFP Bid Summary Document (20240624)-Final.xlsx, tab "Bid List", columns BO and BQ.

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volumetric priced offers from dissimilar resources (i.e., BESS and Solar & BESS) should not be compared.

Table 2: LCOE ($/MWh), LCOC ($/kW-year) Comparison of Fixed Capacity, Volumetric Offers

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	LCOE Fixed Capacity Offer	LCOE Variable Offer	LCOC Fixed Capacity Offer	LCOC Variable Offer	Variable Offer % Increase in LCOE	Variable Offer % Increase in LCOC
35-2.2			Solar & BESS	PPA					4.2%	4.3%
35-1.2			Solar & BESS	PPA					4.2%	4.4%
67-1			Solar & BESS	PPA					4.2%	4.4%
73-3			Solar & BESS	PPA					-0.8%	-0.7%
73-5			Solar & BESS	PPA					1.0%	1.0%
58-1.2			Solar & BESS	PPA					N/A	N/A
33-3.3			BESS	ESA					N/A	N/A
33-3.4			BESS	ESA					N/A	N/A
33-4.2			BESS	ESA					N/A	N/A
33-3.1			BESS	ESA					N/A	N/A
78-1.1			BESS	ESA					N/A	N/A
33-3.2			BESS	ESA					N/A	N/A
78-2.1			BESS	ESA					N/A	N/A
33-4.1			BESS	ESA					N/A	N/A

Adding in imputed debt for fixed capacity offers increased the cost of these offers overall and relative to the volumetric offer alternatives. Imputed debt increased the evaluated cost of the fixed capacity

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solar-plus-BESS bids by 3.2% to 6.2%.[27] For some bids, including [redacted] 73-3 and 73-5 bids, the impact of imputed debt was to create significant cost advantages for the volumetric offers (by between 4.5% and 6.5%)[28] and a slight cost advantage for [redacted]67-1 bid (0.1%). For [redacted] bids (35-1.2 and 35-2.2), the fixed capacity offers had lower costs, even with imputed debt added, of about 4-5%.[29] PNM modeled the lowest-cost variant of each bid in its portfolio modeling process, though modeled the volumetric offer for [redacted] 67-1;[30] we found this to be a reasonable approach and note that the volumetric and fixed capacity offers (including imputed debt) for [redacted]offer was essentially the same (within 0.1%). For all other BESS and solar-plus-BESS bids, imputed debt was added and included in the Phase 3 detailed modeling.

4. Locational Preference for Central Consolidated School District (CCSD) and Navajo Nation

Another key evaluation issue we wish to highlight involved the RFP's locational preference for projects located in the CCSD or Navajo Nation lands. The RFP stated that new generation or storage resources located on Navajo Nation lands "are of specific interest to PNM" and that there will be a separate "best-in-class" bid evaluation and short-list selection for projects on Navajo Nation lands or in the CCSD, so that such projects will be considered during the Phase 3 bid evaluation.[31] The Evaluation Protocols for this RFP also stated that the shortlist will retain separate best-in-class generation projects on Navajo Nation lands and CCSD lands.[32]

As we pointed out in our Phase 2 memo, PNM incorporated the "best-in-class" generation projects on Navajo Nation lands, as well as "best-in-class" generation projects within the CCSD. In our view, the RFP documents did not contain any further preference for projects on Navajo Nation land or in the CCSD, thus requiring all shortlisted projects to compete in the portfolio modeling phase without any additional preferences. In developing the list of projects that would be selected in this RFP, and as explained below, PNM evaluated scenarios with a CCSD project which resulted in the [redacted] self-build/EPC bid being selected in the recommended portfolio. PNM's modeling also indicated that the least-cost portfolio included the same projects needed to meet system requirements,

27 Imputed Debt-Volumetric Costs 2028RFP 6-24-24.xls, Tab "Price Structure Compare."

28 Imputed Debt-Volumetric Costs 2028RFP 6-24-24.xls, Tab "Price Structure Compare."

29 Imputed Debt-Volumetric Costs 2028RFP 6-24-24.xls, Tab "Price Structure Compare."

30 September 30, 2024 email and modeling materials from PNM.

31 RFP, Section 1.3.

32 Bid Evaluation Protocols, section 6.2.

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with the exception of the [redacted] project, the inclusion of which adds about $39 million in cost on an NPV basis.

Given PNM's selection of a CCSD project otherwise not needed to meet RFP needs, we requested additional documentation from PNM supporting their decision to select the CCSD project; PNM provided a series of PRC docket filings, including one filing in which PNM stated it "is committed to bringing forward in its 2028 resource filing later this year a proposal that includes resources" in the CCSD.[33] Specifically, PNM explained that selection or inclusion of CCSD (or Navajo Nation) projects in PNM's resource plans has become a policy decision made by the company to pursue these types of projects. PNM explained that there are various stakeholders that believe the Energy Transition Act requires PNM to site up to 450 MW of resources in the CCSD. PNM explained that it does not agree that it has a legal obligation to add more resources in the CCSD or Navajo Nation, noting that the last attempt resulted in the inability of the developer to bring their project to completion. Nevertheless, PNM explained that it has committed to bring a CCSD project to the NMPRC for consideration pursuant to this RFP.[34]

PNM noted that on May 30, 2024, the PRC approved PNM's 2026 Resource Application (in Case No. 23-00353-UT) as requested and denied multiple motions filed by various parties to re-open the case and litigate the exclusion of CCSD projects from the final resource selection. PNM noted in its June 24, 2024 response:

> The replacement resources for the San Juan Generating Station ("San Juan") were approved pursuant to the Energy Transition Act as part of a portfolio of resources approved by the Commission in Case 19-00195-UT, and additionally with regard to the Rockmont Project in Case No. 20-00182-UT. In contrast, the 2026 Resources are not replacement resources for San Juan. As the record confirms in this case, PNM is experiencing record summer peak loads and the purpose of the 2026 Resources is to reliably meet PNM's expanded load and 2026 summer peak demand in accordance with utility industry standards.
>
> There is no basis to upend the approval of the 2026 Resources to the detriment of customers by claiming this proceeding is a San Juan replacement case under the Energy Transition Act. Second, the approval of the 2026 Resources in no way precludes the potential for approval of an alternative resource for the Rockmont Project to be located in the CCSD. PNM remains committed to seeking bids for resources located in the CCSD as evidenced by the locational preference that was included in the 2026-2028 Resources RFP. To that end, PNM anticipates

[33] Public Service Company of New Mexico, "Verified Consolidated Response of Public Service Company of New Mexico to Legislators' Amended Motion to Intervene and Amended Motion for Rehearing," Case No. 23-00353-UT, page 18.

[34] PNM July 25, 2024 email to Bates White.

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> filing its 2028 Resources case later this year and will be submitting a proposed resource portfolio for consideration by the Commission that includes resources in the CCSD.[35]

A best practice in competitive procurement is to specify all qualitative considerations in the RFP documents so that bidders understand what the utility seeks and how they will be evaluated. Here, PNM included a preference for CCSD and Navajo Nation projects in its RFP documents, but that preference extended only through Phase 2 of the evaluation (which culminated in the short list.) Past Phase 2, the RFP documents indicated that all shortlisted bids would be evaluated on a head-to-head basis with no further locational preferences being considered.

That said, PNM has provided evidence that, subsequent to the issuance of the RFP, the overall policy preference for a new resource, particularly in the CCSD, is substantial. PNM's decision to include a CCSD resource in its final award group is based on that policy preference. As we explain below, the optimal portfolio of resources that meet the energy and capacity needs targeted in the RFP do not include any projects from the CCSD or Navajo Nation. PNM's addition of the [redacted] project to the final award group is based on PNM's intent to follow through on its statements and commitments made in Case No. 23-00353-UT. Further as we explain below, given PNM's inclusion of a CCSD project, the [redacted] project was the optimal selection. Still, it is worth underscoring that the RFP needs (as stated in the RFP) would be met without the [redacted] project, which [redacted]

5. [redacted]

[redacted]

35 [redacted]

36 [redacted]

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[redacted]

C. Phase 3 Evaluation Results

PNM conducted its portfolio modeling for the resources shown in Table 3.[38] As discussed in Section 1, 24 bids passed Phase 2, but six bids were withdrawn during the Phase 3 bidder meetings. The six withdrawn bids are shaded in gray.

[37] [redacted]

[38] The data for this table is drawn from 2028 RFP Recommended Portfolios 7-5-24 for IE.xlsx, tab "Modeled Shortlist" as well as Confidential PNM 2028 RFP Bid Summary Document (20240624)-Final.xlsx, tab "Bid List".

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Table 3: Bids modeled in Phase 3 (gray indicates withdrawn bids)

Bid #	Bidder	Project	Bid Type Subcategory	Bid type	Generation Capacity (MW)	Energy Storage Capacity (MW)	Energy Storage (MWh)	Accredited Capacity (MW)	GSD	Term (Years)
8-2	[redacted]	[redacted]	Wind	PPA	180	NA	NA	20	2028	20
35-2.2			Solar & BESS	PPA	50	25	100	22	2028	20
35-1.2			Solar & BESS	PPA	50	25	100	22	2028	20
67-1			Solar & BESS	PPA	300	300	1200	249	2028	20
73-3			Solar & BESS	PPA	90	68	272	59	2028	20
73-5			Solar & BESS	PPA	100	50	200	44	2028	20
58-1.2			Solar & BESS	PPA	200	400	1600	328	2028	25 /20
33-3.3			BESS	ESA	NA	150	300	92	2028	18
33-3.4			BESS	ESA	NA	100	200	61	2028	18
33-4.2			BESS	ESA	NA	70	140	43	2028	18
33-3.1			BESS	ESA	NA	150	600	124	2028	18
78-1.1			BESS	ESA	NA	150	600	124	2028	20
33-3.2			BESS	ESA	NA	100	400	84	2028	18
78-2.1			BESS	ESA	NA	100	400	84	2028	20
33-4.1			BESS	ESA	NA	70	280	59	2028	18
68-1.2			Frame	PPA	152	NA	NA	149	2028	11.5
68-1.4			Frame	PPA	166	NA	NA	163	2028	11.5
59-1			Solar & BESS	Utility Self-Build/EPC	100	30	120	27	2028	NA
56-3			Aero	EPC	39.005	NA	NA	38	2028	NA
56-4			Aero	EPC	234.543	NA	NA	230	2028	NA
9-1			Solar & BESS	PPA	190	190	760	159	2028	20
80-2.1			Solar & BESS	PPA	170	100	400	86	2028	20
80-2.4			Solar & BESS	PPA	100	50	200	44	2028	20
58-1.1			BESS	ESA	NA	400	1600	325	2028	20

PNM's portfolio modeling conducted a total of seventy-five (75) primary model scenarios (with a number of sensitivities to the primary simulations) using the EnCompass model. The model runs considered both fixed and volumetric-priced offers of the energy storage resources, as well as assessed a variety of sensitivities. For example, PNM considered different load scenarios, both a base case and a case in which an additional 100 MW of peak load is added (to reflect potential "economic development" load in its footprint).[39] In some cases, PNM required the model to select a project in the Central Consolidated School District or on Navajo Nation territory.[40]

The portfolio modeling results demonstrated that three projects were selected at a much higher rate than the rest.

- Bid 78-1.1, [redacted]150MW / 600 MWh[redacted] standalone BESS project was selected in 63 of 75 scenarios.[41]
- Bid 33-3.1, [redacted] 150 MW/ 600MWh [redacted] standalone BESS project was selected in 49 of 75 scenarios.[42]
- Bid 68-1.4, [redacted] 167 MW [redacted] project was selected in 45 of 75 scenarios.[43]

No other project was selected in more than 31 scenarios. (Bid 35-2.2 was selected in 31 scenarios.) The overall uniformity of the model runs across the scenarios give us confidence that PNM identified the optimal subset of potential winning projects.

PNM's RFP sought capacity of 200-1,000 MW, with up to 500 MW being needed in 2028.[44] Here, the summation of the three leading bids (78-1.1, 33-3.1, and 68-1.4) would result in a total accredited capacity of 408 MW.[45] PNM noted that the least-cost plan (which includes only the three bids listed above) exceeds the 0.1 LOLE target by about 14 MW.[46] This means that the portfolio of the three leading bids achieve PNM's reliability standard (of 0.1 LOLE) over the planning horizon.

39 "Results_082024_AllPriorities_ForIE.xlsx", tab "Scenario Info", row 18.

40 "Results_082024_AllPriorities_ForIE.xlsx", tab "Scenario Info", rows 40 and 114.

41 "Results_082024_AllPriorities_ForIE.xlsx", tab "BidSummary", row 34.

42 "Results_082024_AllPriorities_ForIE.xlsx", tab "BidSummary", row 32.

43 "Results_082024_AllPriorities_ForIE.xlsx", tab "BidSummary", row 41.

44 RFP, section 1.3.

45 This figure is calculated using the accredited capacity data listed in Confidential PNM 2028 RFP Bid Summary Document (20240624)-Final.xlsx, tab "Bid List".

46 July 25, 2024 email from PNM to Bates White.

PNM also has included the least cost resource in the CCSD in its final selection. The project in the CCSD is Bid 59-1, [redacted] As we explain above, PNM's reason for including this additional project in the final award group is to address an increased policy preference for a project located in the CCSD. Of the modeled projects, only one other bid [redacted] (bid 58-1.2)) was located in the CCSD. [redacted] offer was selected in a total of nine scenarios, while [redacted] offer was selected in just three.[48] Moreover, in separate model runs in which PNM forced its model to select the two resources, the scenario model run in which [redacted] was selected had a lower NPV [redacted] than the run where [redacted] was selected.[49]

PNM also identified and considered the least cost project on Navajo Nation land, which was Bid 73-5, [redacted] 100 MW generation / 50 MW storage [redacted] solar-plus-storage project.[50] Ultimately, PNM did not include [redacted] in the final award group.

In its Phase 3 Report, PNM put forward three finalist selection "scenarios." The first contains the three least-cost resources outlined above (Bid 78-1.1, Project 33-3.1, and Project 68-1.4). The second scenario adds Bid 59-1 (located in CCSD) to the three least-cost resources. The third scenario adds Bid 73-5 (located in Navajo Nation land) to the three least-cost resources. Table 4 outlines these three scenarios, specifying the incremental projects selected based on the locational preferences.[51]

[47] Confidential PNM 2028 RFP Bid Summary Document (20240624)-Final.xlsx, tab "Bid List".

[48] "Results_082024_AllPriorities_ForIE.xlsx", tab "BidSummary", rows 20 to 23.

[49] "Results_082024_AllPriorities_ForIE.xlsx", tab "NPVRRSummary," cell B27 minus cell B37.

[50] Confidential PNM 2028 RFP Bid Summary Document (20240624)-Final.xlsx, tab "Bid List".

[51] The data used in this table is drawn from Confidential PNM 2028 RFP Bid Summary Document (20240624)-Final.xlsx, tab "Bid List" as well as 2028 RFP Recommended Portfolios 8-23-24 for IE.xlsx, tabs "Portfolio Summary" and "Portfolio Metrics".

Table 4: Final Selection Options Summary

Bid Number	Bidder	Project Name	Structure	Technology	Firm Capacity (MW)
Least Cost Portfolio					
68-1.4	[redacted]		PPA	Gas	161
33-3.1			ESA	BESS	123
78-1.1			ESA	BESS	123
Total Accredited Capacity					**408**
Total NPV ($ Billions)					[redacted]
Least Cost with CCSD Project					
59-1	[redacted]		EPC	Solar+BESS	31
Total Accredited Capacity					**438**
Total NPV ($ Billions)					[redacted]
Least Cost with Navajo Nation Project					
73-5	[redacted]		PPA/ESA	Solar+BESS	47
Total Accredited Capacity					**453**
Total NPV ($ Billions)					[redacted]

PNM's final award group is shown in Table 5.

Table 5: Final Award Group

Bid #	Bidder Name	Project Name	Bid Technology	Bid type	Generation Capacity (MW)	Energy Storage Capacity (MW)	ELCC (MW)
68-1.4	[redacted]		Gas Frame	PPA	167	-	161
33-3.1			BESS	ESA	-	150	123
78-1.1			BESS	ESA	-	150	123
59-1			Solar & BESS	EPC	100	30	31
Total					**267**	**330**	**438**

The total net present value of the 20-year revenue requirement of the final award group is [redacted][52] The portfolio contributes 438 MW of firm capacity (on an ELCC basis for renewable resources) and exceeds PNM's 0.1 LOLE reliability planning criteria by about 33 MW.[53]

To understand the impact of PNM's decision to add the [redacted] project to the final award group, we reviewed the impact of the addition on cost, reliability, and environmental performance. We found that the addition of [redacted] to the least-cost portfolio [redacted].[54] This is shown in Table 6.

Table 6: Final Award Group

Metric	Least Cost Portfolio	Final Award Group	Increase (Decrease)	Difference (%)
NPV ($B)	[redacted]			
Firm Capacity (MW)				
20-year Curtailments (GWh)				
20-year CO2 emissions (tons)				

We agree with PNM's selection of the least cost portfolio, which includes the [redacted] (68-1.4), [redacted] (33-3.1), and [redacted] (78-1.1), as these represent the least cost resources to meet the RFP targets and achieve PNM's reliability planning criteria of 0.1 LOLE. The addition of the [redacted] solar-plus-storage self-build/EPC project is justified only to the extent that PNM is required to include a CCSD project in the final award group, as explained above. Assuming that such a project is required, PNM's selection of the [redacted] project was appropriate as it was selected in more modeling scenarios and showed a lower total NPV than the only other CCSD project included on the short list.

52 2028 RFP Recommended Portfolios 8-23-24 for IE.xls, tab "Portfolio Metrics."

53 July 25, 2024 email from PNM to Bates White.

54 2028 RFP Recommended Portfolios 8-23-24 for IE.xls, tab "Portfolio Metrics."

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED POWER AGREEMENT, ENERGY STORAGE AGREEMENTS, AND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR SYSTEM RESOURCES IN 2028	)	**Case No. 24-00271-UT**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant	)	

AFFIDAVIT

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

ROGER W. NAGEL, Principal, Aion Energy LLC, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony of Roger W. Nagel** and it is true and accurate based on my own personal knowledge and belief.

Dated this 22nd day of November, 2024.

/s/ Roger W. Nagel
ROGER W. NAGEL